Performance Management

Special Edition
National HRD Network
February 2007
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It is a time of the year when most organisations are completing their annual appraisal cycles and most embarking upon the crucial issue of how to reward their employees. With increasing competition, options available to good talent is increasing exponentially. Many organisations have had to revise their appraisal and reward process, not always because of internal need but more because the scenario around them is changing so rapidly. Benchmarking with the best practitioners is becoming a business imperative. In this special edition of NHRDN Journal, we have focused on Performance Management. We acknowledge that one-size-fits-all does not apply in all cases but it is good opportunity to examine and learn from practices of some of the best organisations.

We have a special series Meet the Thought Leaders In which we will bring interviews with outstanding HR leaders. In this session we bring a conversation with Dr Santrupt Misra who shares his rich experience in evolving and implementing PMS successfully in large organizations besides sharing his views on nurturing HR professionals. Based on three decades of rich consulting experience, Dr T.V. Rao suggests improvements in the rating systems. Devika Dharmaraj discusses the potential benefits of PMS and the prerequisites that make the PMS successful. R. Shantaram talks about the value add of PMS in creating a high performing work culture. Nandini Chawla, who has done extensive work on 360-degree feedback, shares her experiences on connecting performance management and 360 degrees appraisal system. In the same vein, Marcel Parker elucidates the power of 360 degrees appraisal system. David Childerely contribution argues that by utilizing the power of Emotional Freedom Techniques (EFT), organizations can help employees achieve work life balance.

Under the broad umbrella of Performance Management Systems, companies such as Covansys, Philips and TCS have talked how they have made use of PMS. Covansys talks about how the rudimentary appraisal management has gone through change over time, while case study at Philips narrates how the People Performance Management (PPM) helped that organisation evaluate the company performance. On the other hand TCS case study demonstrates the power of its on line tool SPEED (System for Performance Evaluation and Employee Development) that is being used by TCSers globally. Preetham Nathan of the Emirates Bank talks about his experience in using PMS as a powerful tool in the growth of the organization and G.K. Agarwal describes PMS as a five-step process in a public sector environment.

Our commitment to share best practices and provide continuous and pragmatic learning to NHRDN community continues. We hope you will enjoy reading this special edition as much as we enjoyed putting it together.

As a professional journal intended for HR professionals, this journal aims at facilitating learning by the members through sharing experiences and hence may not have the academic and research rigor of an academic journal.
Interview with Dr. Santrupt Misra

Born in Orissa, Dr Santrupt Misra has two post-graduate degrees, one in Political Science and the other in Personnel Management and Industrial Relations. He has won 4 gold medals in his educational career having stood first class first in various exams.

He has two Ph.Ds, one from India and other from UK in Public Administration and Industrial Relations, respectively.

Santrupt had work experience with the J.K. Group, the Tata Institute of Social Sciences, Hindustan Lever Limited. Besides, he has been a trainer and consultant to about 40 organisations in India.

Santrupt published one book and several articles. He has won a Commonwealth Scholarship in 1990 for 3 years and was awarded the Eisenhower Fellowship in the year 2000.

Currently, Dr. Misra is the Director on the Aditya Birla Management Corporation Limited Board, the apex decision making body of the Aditya Birla Group and is also responsible for the Corporate Human Resources and Corporate Information Technology function of the Aditya Birla Group ($10 billion turnover with over 80,000 employees) which consists of blue-chip companies such as Grasim, Indian Rayon, Hindalco and Indo-Gulf Corporation, etc.

He is also a director on the Board of INDAL and UltraTech Cement Company, Prince Aly Khan Hospital, an Aga Khan Foundation Hospital and on the Board of XIM, Bhubaneswar.

Dr. Misra has been bestowed with the Outstanding HR Chief Award by the National HRD Network in the year 2000 and has also been conferred the HR Professional of the Year Award by the India HRD Congress in the year 2002. The Business Today identified Dr. Misra amongst the 20 hottest Young Executives in the year 2002.

He was also a past president of the National HRD Network.
Q1. Based on your three decades of rich experience in Performance Management practices across cross section of employees, do you see any differences between blue collar, white collar Staff and managerial cadres?

A. Commonalities between the four categories of employees are that all of them like to be clear in their roles and be clear about what is expected out of them. Blue-collar employees ask for the same as they have limited repertoire of skills and therefore want to be always assured that they are within the zone of safety. White-collar staffs often feel marginalized between officers and the blue-collar; therefore they seek role clarity to avoid unnecessary straying into the wrong territory. Management cadre uses role clarity as an exercise to expand its own reach and influence.

Given the open-ended nature of their jobs, white collar and managerial cadre often over-estimate both their ability and their contribution. Performance dialogues remain a ritual as far as blue collar are concerned; a feel-good factor for the white-collar staff and a power struggle in the managerial cadre. Performance standards are most vague and undefined in the managerial cadre, compared to blue and white-collar staff. Performance conversation with blue collar and white collar is more about pay increases, whereas for the managerial cadre it is more about both pay increases and their future.

Q2. You also have rich experience in PMS across various countries, do you see any differences?

A. It is hard to give a country-by-country difference in nature and essence of performance management. However, the appraisers’ weakness to confront the reality of underperformance or poor performance is constant across cultures. People everywhere are hesitant to have a candid and tough dialogue. The higher up you are in the hierarchy; the conversation about the performance tends to be less direct. While this is a generalization, in every culture, there are some people who do appraisal conversations with rigor and process purity that is expected of them, to serve the ultimate objectives.

Q3. Speaking in general, where do you think Indian companies can bring about improvements in performance management practices?

A. They can bring several improvements starting with the performance objectives and performance standards.

- Being very clear as to what they wish to use performance management for i.e. whether for development or reward determination or for both.

- They need to improve their understanding of different aspects of performance management, such as differentiate between levels of performance, how and why to use the bell curve, how to differentiate between performance and potential. Indian companies need to develop
skills of both appraisers and appraisees in terms of giving constructive feedback and ensure that there is an overall culture of accountability and a culture of mutual interaction within which the performance management processes take place.

Q4. During the last three decades, you must have been watching changes in performance management practices. What do you see are any significant trends? Also looking at the future where do you think it is leading?

A. Performance management practices have gone through evolution and change. In terms of performance measures we have seen new concepts such as the Balanced Scorecard, EVA, CVA, TSR etc. We have seen development of multi rater performance processes such as 360-degree feedback. There is not a lot of difference in the purpose for which performance management is used. One of the distinct trends I see is that there is growing dissatisfaction with the performance management process. In future I think, it will be a lot more driven by the appraisees' need for career skills and self development and will be a more documented process than it has been so far.

Q5. There has been a significant growth in various sectors of the economy. Do you see any differences in practices between various sectors? If yes what do you attribute the reasons for the same?

A. Sectors like IT, which are project driven, do seem to have more 'end of project' appraisals than 'end of the year' appraisals. Peer feedback is an important element of appraisals where people are expected to work in teams. In industries with high turnover such as BPOs, the informal appraisals occur on a continuous basis and appear to be more prevalent than formal appraisals. Of course, people do not last in such sectors for individuals to be appraised! The nature of business, the profile of people, the time cycle of delivery, the level of ultimate usage, maturity of the sector all impact the nature of performance management practices.

Q6. Talking about performance management of HR function, how do you think it can be enhanced?

A. While HR must be partners in business and deliver value to the business; it must not forget that it functions to champion the well being of a critical stakeholder, that is, employees. It has sometimes to go along with business interests in the long-term interests of the employees, and it must also go against short-term interests of the business in the interest of the employees, where such an action serves the larger convergence of interests of employees and the organization in the long-term. HR professionals must bring a spectrum of interdisciplinary understanding to the organization. They possibly must display more courage within the organization, compared to others so that, others feel emboldened to take courageous steps outside. HR professionals must advance their career through their contributions rather than through opportunities to change jobs. Finally, they must display
the highest professional commitment by contributing to the profession outside their employment through appropriate professional avenues.

Q7. Do you see any gaps in grooming HR professionals by the academic institutes and also by the industry?

A. While it is easy to criticize academics for the way it grooms future HR professionals, it is imperative that the industry makes its expectations clear. Academic institutions must create capability in HR professionals to think through HR challenges and problems strategically, rather than just giving them tools and techniques that do not fit into the context. Industry, when they take students for their projects or internship, must give them elaborate opportunity to develop early insights and work on meaningful projects rather than to be just physically present in the organization.

Q8. Projections indicate a dearth of talent of HR professionals both in quantity and quality. What steps do you suggest to overcome it?

A. Strengthen the image of the profession and highlight challenges the career offers so that most opt for this profession. Professional bodies should actively work in academic institutions to make HR education more meaningful. The part-time courses where a lot of working executives are trying for a formal qualification need to be started by industry to accelerate development of HR professionals. Finally, create more opportunities for self-renewal for HR professionals as they pass through their various career stages.

Thank you
A New Look at Performance Management Systems

-T. V. Rao

About the Author:

Dr T V Rao is currently Chairman, of T V Rao Learning Systems Pvt. Ltd. & Chairman, Academic Council, Academy of Human Resources Development, Ahmedabad. He was Professor at the Indian Institute of Management, Ahmedabad for over 20 years beginning 1973. He has also worked as L&T Professor of HRD at XLRI, Jamshedpur during 1983-85. Dr. Rao is the Founder President of the National HRD Network and was President of the Indian Society for Applied Behavioral Science (ISABS).

Dr. Rao has participated in the past in HRD, OD and Self renewal work with Indian Institute of Science, Bangalore; National Institute of Design, Mount Carmel group of colleges, St. Joseph’s group of Institutions, XLRI, Jamshedpur; XIM Bhubaneswar etc. At IIMA he was a member of the Committee for Future Directions coordinate by Dr. C. Rangarajan in the late seventies.

Dr. Rao has several publications to his credit in the areas of HRD, Performance management, education, entrepreneurship, health, population and management training.

Dr. Rao worked as a short-term consultant to UNESCO, Ministry of Health, Indonesia, National Entrepreneurial Development Association, Malaysia and the Commonwealth Secretariat, London. He has designed and assisted in implementing performance appraisal and other HRD Systems for a number of organizations in India and Abroad. Consulting Experience including Designing and implementing Performance Management and other HR Systems. He has rich consulting experience with public sector, private sector and MNC organisations in India and abroad. He was also advisor to the government of India.

It is about 33 years ago that Larsen and Toubro asked two of us from IIMA (Dr. Udai Pareek and me) to examine their performance appraisal system. We interviewed several managers at different level. Mr. A. M. Naik Current Chairman of L&T was one of them whom we interviewed to ask their suggestions for improvements in their system. L&T managers gave us a number of suggestions which later turned out to be the base for our designing an Integrated HRD System for L&T. A few
years after that we were associated with the State Bank of India, BEML, Crompton Greaves and a number of other organizations reviewed and redesigned their systems on similar lines with a development focus.

When I look back at my experiences of the last 30 years I realize that we are still struggling in our country with the implementation of appraisal systems. I have realized that one of the most significant mistakes we have made is in titling the performance appraisal system. We continued to use the term "Performance Appraisal". After serious reflection of this issue I have come to the conclusion that it is high time we abandon the term "Performance Appraisals".

One may ask what is there in the name? This is what I kept asking and did not push for change for several years. I now realize that there is a lot in the name. The title stresses that the purpose of the system is 'appraisal'. The term appraisal indicates that the main purpose of the system is 'Appraisal", which means evaluation. It is a form for reducing the entire year's or six months work of an individual in to a number. Numbers have some great properties. They are intended to render the so-called objectivity and comparability. Unfortunately it this comparability and objectivity that has played havoc in the lives of many employees. It has caused a few people to get promoted and some of them undeservingly, a few others to leave their jobs, and yet a few others to walk into office every day with low interest and satisfaction and carry on with their jobs.

No two numbers are comparable in appraisals. We cannot say with confidence a rating of four assigned on a five point scale by a production chief is indicative of the same performance level as a rating of four assigned by the marketing chief. Or for that matter two marketing chiefs operating in two regions for their juniors. The ratings depend on so many factors: the supervisor or rater, his previous background, his personality, expectations, the performer (assessee) and his own background, the way the goals are set, the level of the goals, expectations of the assessor from the performer, the chemistry with which they started setting goals, the culture of the organization, etc. No two numbers are comparable. We cannot say the a person who gets a 68 rating on a 100 point system is definitely superior to another who gets a rating of 64 and especially the if 64 is from a setting where the performer had a lot of odds to face (including that of his supervisor himself perhaps?). Yet we treat them as sacred and use them to fit into normal probability, add, subtract, multiply and calculate incentives etc. I think this is a fundamentally wrong attempt to fit qualities into quantities and use them for anything beyond a discussion or analysis.

From a reflection on this and various other experiences in the last 33 years of my work on performance appraisals I like to suggest the following:

1. Ratings in appraisals are notional and at best should be used for discussion to integrate performance on a number of non-additive parameters (like adding for a regional sales executive his achievement of sales targets, and the percentage increase in customer base, with how well he has trained his juniors, and how far he followed the various systems). They
can't and should not be used to force fit into normal curve blindly or determine incentives mathematically. At best they could be used for discussion and review of performance. Ratings are poison but they may be inevitable side products of the performance process. They should not become the primary pre-occupation of appraisals.

2. Performance should be assessed against expectations and expectations could be changed during the course of performance with the availability of new information, data and challenges. Expectation sharing and reviewing is the most important part of performance management.

3. It is high time we drop the term appraisal and use the terms "Management". Management is broader and encompasses many things for a system. It includes planning, development, improvements, recognitions etc. Those who prefer to be even more focused can use terms like: PMS - Performance Management Systems, PDS- Performance Development System, PIP- Performance Improvement Program etc.

4. Merely changing the title does not help; the spirit needs to be promoted. It can be promoted by having a new look at the potential of PMS and by using PMS for objectives other than appraisals and generating numbers in percentages etc.

5. Good performance should be rewarded. But each individual should understand what good performance is from the beginning and there should be a shared understanding of what rewardable performance is. This understanding should be there at the beginning of the performance period and not at the time of deciding the rewards.

6. Small rewards and recognitions should be encouraged to be followed and each supervisor should have a good degree of autonomy to recognize and reward the performance of his or her performing employees and this may constitute a significant part of the CTC (say 5% to 10%) of juniors. Recognition should take place all through the performance period and should not be limited to the annual stock taking or performance reviews.

7. Annual reviews of performance should be conducted using innovative methods and should become a part of life. Such reviews need not necessarily result in assigning numbers to individuals.

This is not a complete list of thoughts but a mere glimpse of the way we need to think.

I like to illustrate the basis of this thinking by a simple illustration of how we have been promoting a new way of looking at performance planning. I give below a new way of looking at performance planning and goal setting.

**Invest Twenty and Direct 2000 to 20,000 Program**

Recently I was working on the PMS for a company outside India. I was asked to help them
implement a new system they have just designed. It is an infrastructure company with many general managers and Senior GMs at the helm. I asked 25 of them attending the workshop to answer the following four questions:

- To what extent did you clearly set a work plan for the last six months?
- To what extent did your seniors whom you worked with shared the same understanding of the work plan and priorities in the last six months?
- To what extent are you able to put to use most of your capabilities in the last six months?
- To what extent are you clear about the work plan and priorities for the next six months?

They were asked to use the following scale:

100% = fully, 75% = Mostly, 50% = somewhat, 25% = A Little, 0% = Not at all

I am giving below their responses

**To what extent did you have clearly set work plan for the last six months?**

- 100% = 3
- 75% = 18
- 50% = 4
- 25% = 0
- 0% = 0

Average percentage of extent to which there is clearly set work plan = 74%. If we consider unplanned work as a wastage it is about 26% in this company. If the CTC of all the 25 top level managers is about Rs. 10 crores (with an average CTC of Rs 40 Lakhs per GM their total CTC is Rs. 10 crores), there is a waste of Rs. 2.6 crores of cost to the company due to unplanned work and the opportunity cost may be much more. Such unplanned work gets passed down the hierarchy and multiplies. Hence the solution is to reduce this wastage by planning work. PMS can therefore be a good tool to reduce wastage through planning.

**To what extent did your seniors with whom you work shared the same understanding of your work plan and priorities in the last six months?**

- 100% = 7
- 75% = 10
To what extent are you able to put to use most of your capabilities in the last six months?

- 100% = 2
- 75% = 9
- 50% = 7
- 25% = 1
- 0% = 0

Average of the extent to which capabilities are being used in the last six months = 68%. This indicates that there is a 32% of talent wastage.

To what extent are you clear about the work plan and priorities for the next six months?

- 100% = 9
- 75% = 13
- 50% = 3
- 25% = 0
- 0% = 0

Average of the extent to which clarity exists about work plans and priorities = 80%. This indicates the future potential wastage of top management time.

Simple questions and analysis like this have brought to focus the need for better utilization of talent though planning work, having a shared understanding of the work. A good PMS can reduce the wastage of time, talent and ensure better utilization of human resources.

The scope for the same is indicated by the answers provided by a number of managers from MNCs, Family owned businesses and professionally managed companies in India and outside.
Appendix 1 gives data from three organizations an MNC in India (N= 28), a family owned business company in India (N= 41) and a professionally managed company (from another country (N = 85). The results indicate the similarity in the situation. All these organizations sought improvements in their PMS.

These results clearly indicate the potential use of PMS for performance enhancements. The results also indicate the similarity in the implementation of PPMS in MNCs, Family owned businesses and professionally run companies in India and abroad.

It is these insights that have given rise to the a program we have designed at TVRLS which is now called as "Invest Twenty and Direct 2,000 to 20,000 ™". I have been propagating this by communicating to line managers and top management that their managers can learn to direct 2000 hours of their performance time to 20,000 hours of their junior's performance time by merely investing 20 hours of their time for planning their and their juniors work. So Invest 20 and Direct 2,000 to 20,000. We have helped many senior managers to cost the value of their time and showed benefits of such planning. Executives can be demonstrated to affect savings in their own time and get a better ROI on their time investments. In other words organizational performance, resource utilization including talent utilization which is becoming expensive day by day goes up and cost reductions take place with better planning.

Similarly we have demonstrated that by viewing Performance Review Discussions as learning opportunities for seniors to learn from their juniors we have changed the meaning of Coaching and mentoring to a different degree. PRD and coaching sessions are meant to develop coaches as much as the performers. In fact I now take the view that PMS is a learning opportunity.

Appendix1: Performance management data from three industries from India and outside

**MNC in India**

To what extent did you have clearly set work plan for the last six months? (N= 28)

- 100% = Managers- 4
- 75% = Managers- 14
- 50% = Managers- 10
- 25% = Managers - 0
- 0% = None - 0

Extent to which seniors shared same understanding of work plan and priorities in last 6 months

- 100% = 3 Managers
• 75% = 12 managers
• 50% = 9 Managers
• 25% = 4 Managers
• 0% = 0 Manager

Extent to which clear about their Priorities for the Next six months
• 100% = 5 Managers
• 75% = 16 Managers
• 50% = 6 Managers
• 25% = 0 Managers
• 0% = 1

Extent to which managers were able to put to use their capabilities in last 6 Months
• 100% = 1 Managers
• 75% = 18 Managers
• 50% = 9 Managers
• 25% = 0 Managers
• 0% = 0 Managers

Professionally managed Company from another country (n= 85)

To what extent did you have clearly set work plan for the last six months?
• 100% = 11 Managers
• 75% = 59 Managers
• 50% = 10 Managers
• 25% = 5 Managers
• 0% = None

28% Unplanned work or time wasted due to lack of clarity. i.e. Nearly twenty four persons time wasted in last six months due to unplanned work or 12 person-years of unplanned work
Extent seniors shared same understanding of work plan and priorities in last 6 months

- 100% = 20 Managers
- 75% = 32 managers
- 50% = 20 Managers
- 25% = 9 managers
- 0% = 1 Manager

If a manager's boss does not share the same work plan and priorities as the manager, think of the consequences to the individual, his boss and the organization. In this case 31% non congruence.

Extent to which managers were able to put to use their capabilities in last 6 Months

- 100% = 11 Managers
- 75% = 39 Managers
- 50% = 28 Managers
- 25% = 5 Managers
- 0% = 0 Managers

Percentage of Unutilized competencies = 33

Extent to which clear about their Priorities for the Next six months

- 100% = 26 Managers
- 75% = 38 Managers
- 50% = 16 Managers
- 25% = 3 Managers
- 0% = None

Level of Plan Congruence = 76%

**Family Business Company (N = 41)**

To what extent did you have clearly set work plan for the last six months?

- 100% = Managers- 7
• 75% = Managers- 20
• 50% = Managers- 14
• 25% = Managers - 0
• 0% = None - 0

Extent seniors shared same understanding of work plan and priorities in last 6 months
• 100% = 7 Managers
• 75% = 18 managers
• 50% = 12 Managers
• 25% = 3 Managers
• 0% = 1 Manager

Extent to which clear about their Priorities for the Next six months
• 100% = 6 Managers
• 75% = 19 Managers
• 50% = 13Managers
• 25% = 3 Managers
• 0% = 0

Extent to which managers were able to put to use their capabilities in last 6 Months
• 100% = 11 Managers
• 75% = 18 Managers
• 50% = 10 Managers
• 25% = 2 Managers
• 0% = 0 Managers
Prerequisites for an Effective Performance Management System

-Devika Dharmaraj

About the Author:

An alumnus of XLRI, Jamshedpur, Cauvery Devika Dharmaraj is currently heading HR for MM Imagine Technologies—a health care service provider. She has rich experience in HR with Eicher and Enfield. She was also a free lance HR consultant.

Many people use the term Performance Management System interchangeably with the traditional appraisal system. This would be akin to using the term communication system interchangeably with the telephone. While the telephone is still an undeniable tool in any communication, most users are under no misapprehension that it is only one tool amidst a plethora of devices and methods of communication. Similarly, the appraisal system is one such tool in the Performance Management System. I would encourage you to look at a performance management system as the process of creating and managing a work environment or setting in which people are enabled to perform to the best of their abilities. Any effective Performance Management System would cover the entire period of a person’s tenure in any organization or institution. Such a system would ensure that the following are essential processes to be maintained:

- Development of clear job descriptions.
- Appropriate selection process to ensure the right person for the job.
- Negotiate and establish requirements and accomplishment-based performance standards, outcomes, and measures.
- Provide effective orientation, education, and training.
- Provide on-going coaching and feedback.
- Conduct regular performance development discussions.
• Design effective compensation and recognition systems that reward people for their contributions.

• Provide promotional/career development opportunities.

• Utilize exit interviews to understand why valued employees leave the organization.

1. Development of clear job descriptions: It is a rare person who is comfortable with ambiguity and fuzziness at work. "I want to know what I am expected to do, why I am doing it and who will hold me responsible for the job," are some of the questions employees keep asking. Job descriptions are lists of the general tasks, or functions and responsibilities of a position. Typically, they also include whom the person reports, specifications such as the qualifications needed by the person in the job, salary range for the position, etc and are usually developed by conducting a job analysis. Note that a role is the set of responsibilities or expected results associated with a job. A job usually includes several roles.

2. Appropriate selection process to ensure right person for the job: Job descriptions help an organization in narrowing down the right candidate for the job. Why are we talking about recruitment or fitment in a space reserved for performance management? Well, if somebody is expected to do a good job, then one has to make sure that the somebody isn't just anybody but a person that is most suited to do that job. Here it is not just a simple matter of fitting the qualification and work experience to the job. It is also a matter of looking at the temperament of the person and his or her ability to cope with whatever the specific pressures or needs of the role may be.

3. Negotiate and establish requirements and accomplishment-based performance standards, outcomes, and measures: There are several issues that must be considered in planning a successful performance measurement: the purpose of the measurement, what is to be measured - in terms of units of measurement, the data to be collected, the instrumentation used to collect performance data, and how to validate the results. Each function within any organization in any industry will have different areas to be measured in different ways. Some popular measures of performance use metrics based on input, output, effectiveness, efficiency, productivity.

4. Provide effective orientation, education, and training: Any new member of any team or family needs to be introduced to new people, new culture, new ways of doing otherwise familiar tasks. Advance planning and time spent on initial orientation and training will pay off when the results are a shorter duration of time required to settle in and be comfortable with people and tasks in a new environment. People perform well when they are confident of both what they are doing as well as of coping with people reactions to their actions. This confidence comes with knowledge of task and team. Training and orientation to both job and people related aspects go a long way in ensuring that optimal output is given. And isn't that what effective performance management is all about?
5. **Provide on-going coaching and feedback:** Entire books have been written on the subject of coaching and feedback. So what does it have to do with performance management? Well, employees work best when they feel that they are making a contribution to the company and to the client. Each person needs to feel confident that they can do a job. It is important to give positive feedback based on the person's efforts and their results. Show them that you believe that they have the ability to do the job well. Good relationships reduce stress, build trust and help you get the job done. Performance based feedback should be balanced: it can reflect positive performance, competent performance or needs-improvement performance. In any of these cases, it should be direct, specific and reasonably assessed. What *is* coaching? Coaching is frequent, specific feedback designed to raise the level of performance. It is meant to improve poor performance, maintain standard performance, to encourage employees to exceed performance standards and set new heights, to assist in developing new skills. Coaching uses informal work discussions, formal performance reviews and everyday 'coachable' moments to help build on strengths, develop skills, provide encouragement and increase confidence.

6. **Conduct regular performance development discussions:** The development review is a tool to assist in the process of growth and development of the individual through assessment and analysis of performance. It helps in planning and organizing as well as in monitoring the achievements. It provides a forum where the individual and the reviewer can set mutually agreed targets and also seek clarifications on policies and other matters. These could range from weekly reviews of targets to annual discussions on career and growth. Dialogue in such cases should ideally be constructive enough that the reviewer and the individual being reviewed can agree to disagree. The reviewer is usually the person whom the person being reviewed reports to directly. The reviewer is responsible for the growth and development of all those who report to him/her. He/she has to be constantly aware of all aspects of the environment in which they are working and its effect on the individual.

   Goal setting is to be jointly planned by the reviewer and the individual being reviewed. These goals should include not only specified business results but also specified personal improvements. Achievement of these goals become benchmarks of progress.

   Infosys has a holistic approach which aims at identifying specific areas of improvement and builds strong linkages with the existing processes of the organization. The picture below depicts Infosys' performance management cycle:

7. **Design effective compensation and recognition systems that reward people for their contributions:** In a competitive business climate, more business owners are looking at improvements in quality while reducing costs. Meanwhile, a strong economy has resulted in a tight job market. So while businesses need to get more from their employees, their employees are looking for more out of them. Employee reward and recognition programs are one method of motivating employees to change work habits and key behaviors to benefit a business. They are
normally considered separate from the salary but may be monetary in nature or otherwise have a cost to the company. As noted, although employee recognition programs are often combined with reward programs they retain a different purpose altogether. Note that recognition elicits a psychological benefit whereas reward indicates a financial or physical benefit. The keys to developing a reward program are as follows:

- Identification of company or group goals that the reward program will support
- Identification of the desired employee performance or behaviors that will reinforce the company's goals
- Determination of key measurements of the performance or behavior, based on the individual or group's previous achievements
- Determination of appropriate rewards
- Communication of program to employees

There are a number of different types of reward programs aimed at both individual and team performance - variable pay, bonuses, profit sharing, stock options.

One adage that holds true especially in today's super-competitive job market is 'if you pay peanuts, you will get monkeys'. Unfortunately for those who are not constantly reviewing their company's place in the jungle out there, yesterday's healthy bidder could very easily turn out to be offering peanuts in comparison with the rest of the market that has moved on.

On the other hand you have companies like the Sundaram group - where the company's culture of making the employee belong in the group family itself goes a long way in creating the 'want to contribute' attitude.
8. **Provide promotional/career development opportunities:** People grow only in the space that they are allowed to stretch and flex their wings. There is no use in having someone with great 'potential' in your team if there is nowhere for him/her to exhibit that potential. Seize any opportunities for discussion and use them to understand how much stretch each individual wants and how much flex is available in each individual.

9. **Utilise exit interviews to understand WHY valued employees leave the organization:** Traditionally, exit interviews are conducted with employees leaving an organisation. The purpose of the interview is to provide feedback on why employees are leaving, what they liked or didn't like about their employment and what areas of the organisation they feel need improvement. Exit interviews are one of the most widely used methods of gathering employee feedback, along with employee satisfaction surveys.

The ostensible objective of the exit interview is to help the company "improve the way it does things" so fifty more employees won't quit in the coming weeks. In other words, "If you'll just tell us why you are resigning, we'll see to it that no one else ever has to resign for those same reasons." More recently, the concept of exit interviewing has been revisited and expanded as a knowledge management tool, as a way of capturing knowledge from leavers. Rather than simply capturing human resources information, the interview also aims to capture knowledge about what it takes to do the job.

**References:**

On Making the PMS Count

-R. Shantaram

“Not everything that can be counted counts and not everything that counts can be counted”
- Albert Einstein

Abstract

Many implementations of Performance Management Systems (PMS) focus around the linkage between business results and the desired PMS. While this is eminently desirable, it distracts us from the need to find appropriate measures at each level; all too often, measures are better defined at senior levels and become rather vague at operating levels. This may not be bad in itself, if it were not for the tight coupling of compensation to performance measures. Bridging the chasm from measurement to reward has been a source of frustration not only for the HR professionals, but also for the line managers and employees. The goal of creating a performance culture would be better served by *appropriate* linkage between measurement and reward.

About the Author

Shantaram is a graduate in Statistics from Loyola College, and has post-graduate qualifications in Personnel Management & Industrial Relations from XLRI, Jamshedpur. Over the last 17 years, he has handled several roles in all aspects of the HR function - recruiting, compensation and benefits, performance management and governance. As a Director of Arkis Management Solutions (www.arkis.in), Shantaram is leading the creation of a consulting organization which focuses on supporting organizations achieve high performance through people systems.

He is actively involved in the HR community and is currently the Honorary Vice President of the National HRD Network, Chennai Chapter. Apart from speaking at various industry forums, Shantaram has also published a paper as part of the 2004 International Conference of the Academy of Human Resources Development, held in Bangalore, India.
Crafting Performance Management Systems

When developing (or reforming) Performance Management Systems (PMS), organizations are often very clear about what they expect from it. Typically, these expectations can be categorized into:

- Defining and communicate priorities
- Defining accountability at various levels
- Setting benchmarks for achievement
- Recording data for various employee-related actions

The goal-oriented part of any PMS attempts to put in place measures that are consistent with the priorities. At aggregate levels, these measures are easy to comprehend - whether they are organizational, sectional or functional measures. Since these measures are the ones impacting organizational performance, the mechanisms to measure them are also well set. The first challenge for organizations is to bring these mechanisms to measure outputs at a level below that of aggregates - and that's where the fun begins.

The designer of a PMS must be clear about how such outputs are to be captured - or, if they need to be, at all. Many a time, there are aspects of teamwork that are taken for granted. For example, production output depends on how well the maintenance, production and supply chain functions work together; but how well can a PMS make the connection between production output and a Store Executive's performance? It is far easier for the function heads of Production and Supply Chain to agree on what weight should one's performance have on the other; it will be mind-numbing to devise a system that will chop up an individual's performance into small parts that feed into many other peers' work.

The second challenge is therefore to be able to find the right measures that will reflect performance suitably. Here, in order for the PMS to be truly egalitarian, it must be applicable not only to the core but also to the supporting functions. The Claim Processing Officer must be assured that the Accounts Officer is being subject to the same level of scrutiny on performance. Without such a level of democracy, there would be skepticism about the true nature of the 'performance culture' that an organization is seeking to build, sowing the seeds of the system's downfall.

What can be the responses to these challenges? They are quite simple: to start with, keep the performance measures down to just a few - between 4 and 6 is the recommended number. The availability of sophisticated databases, reporting systems and dashboards seduce the designers of the PMS into believing that, with all this technological support, it is easy for an employee to deliver a couple of dozen priorities. This is the wrong end of the stick; what the designers need to keep in mind is that technology allows them the flexibility to switch measures, to swap them in-and-out, and
still be able to build a coherent index of performance over a period of time. That will be a better indicator of how well employees respond to changes in business priorities and will serve to identify the multi-dimensional individuals that organizations long to build their leadership pipelines with.

Even if such a smorgasbord can be offered, it will still not be able to adjust for the variable contributions made by roles that have to work in harmony with each other. At the level of 'individual contributors', such dissonance can leave behind feelings of unfair treatment that will continue to have ill-effects on the system long after the event. It may be necessary, therefore, to look at individual behaviour rather than individual output. Measure it? No, not at all. But to examine that behaviour, to provide feedback on how it helps / harms organizational capability. There is a case to be made out on the premise that it is more beneficial to focus on collaborative group norms to build a performance culture than to do it through intense individual competition.

**Using the Performance Management System**

The primary objectives of defining priorities and accountability are kept in mind throughout the stages of conceptualizing and implementing the PMS. These are built so strongly into the system design that it is very often not measured at all. When the roll-out of the PMS happens, there is usually a very well planned effort to train the users on how to use the system - typically on how to ensure alignment of goals, how to use the formats, and how to deliver the performance feedback that is so essential to building the performance culture.

For a system that can be used as a powerful tool to enable communication between supervisors and team members, it is surprising that there is very little dialogue on what employees expect from the PMS. It is taken for granted that all the employees want is to be told how they need to become better at their jobs, or to be told about where they stack up on some kind of a rating system. But unless they see how such information translates into rupees and paise, the employees will retain their instinctive suspicion about the PMS.

It is in being able to retain meaning through this translation that a HR professional adds value to the organization. There must be a dynamic equilibrium between rewarding output versus rewarding behaviour. This is one area where the tyranny of the bell curve shows up sharply in most organizations; links between performance and reward are stretched in the effort to achieve organization-wide standardization. Therefore, meaning can be achieved by a tighter coupling between measures and rewards. The necessity to normalize all such measures across the organization must be re-examined and questioned. This 'examination' will ideally result in many rewards being moved to a short-cycle process, rather than leaving them to annual compensation review exercises.

**Creating the linkages**

To create a model for determining how to link measures to rewards, HR practitioners would do well to begin by segregating individual and group measures. Further segregation could be on what
needs to be rewarded. As a final parameter, the periodicity of measurement / reward can be used to determine the nature of the reward.

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This model is intended to ensure that the appropriateness of the measurement, and its linkage to the reward, serves as a factor to strengthen the organization's PMS. Tightening the compensation linkage will go a long way in ensuring that the organization develops an integrated HR process, that measures and rewards successes that have a direct impact on the organization's overall capability.

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360 Degree Feedback: Miles To Go Before We Sleep....

Excerpts from our journey in 360 Degree Feedback
By Nandini Chawla

This article digs a little deeper into “What next-after implementing 360 DF in an organization? How can internal facilitators and key role holders ensure a long lasting impact of this powerful initiative and that the individual is given maximum support to bring about the desired changes and to move forward in the journey of leadership development. The article ends with some of our thoughts on the future of 360 Degree Feedback.

About The Author:

An Electrical Engineer and a Post graduate diploma in Marketing from NMIMS, Mumbai she began her career with TITAN Industries Ltd, initially in the Watch division handling a line Sales responsibility and subsequently with the Jewelry division (TANISHQ) responsible for Retailing & Product Management functions.

Thereafter she joined Indus League Clothing Ltd, for the Scullers Brand. Her professional experience in successful marketing driven organisations spans Sales, Retailing, Product management and Brand management. She also worked as a consultant for a brief period with Retail Management Consultants conducting workshops for retail staff.

She brings to the table a live business exposure as a successful line manager, having interacted, managed & dealt with sales professionals, subordinates, peers, senior management and above all Customers.

At TVRLS she has worked in the areas of Performance Management, 360 Degree feedback, HRD Audit, Leadership Development, Team Building, Competency Mapping, Managerial Effectiveness, Assessment & Development Centers, Training and Development.
What can be a better method for increased awareness than the multi rater feedback process called 360 Degree Feedback? This powerful process is perhaps one of the most effective and widely used initiative to develop leadership capability, identify potential, develop strong bonds between teams and for enhancing key competencies in organizations. The main focus of a 360 Degree implementation today, continues to be on development. Rarely do companies use it for performance appraisals, rewards and recognition, collecting data on employees or succession planning.

This process draws from the fact, that, the first step in the journey of leadership or improvement is to attain leadership over the self and a 360 Degree Feedback provides the perfect platform for the same.

While, there may be an initial euphoria of implementing a 360 Degree Feedback, very often it does not last beyond the workshop and at best-a few days after getting the feedback. Unfortunately, in most cases, an initiative like 360 DF is too dependant on the external or internal facilitators (could be external consultants or in house team) and the minute the external stimulus is taken out, the impact reduces. In most cases it has been observed that there is a diminishing impact after the participant has attended the feedback workshop and the individual’s attention is quickly consumed by the day-to-day challenges that normal work life poses. Hence, it comes as no surprise that after a 360 DF implementation, the visible impact is very limited.

Some of the reasons for this limited impact of 360 Degree Feedback are:

- Insufficient or no counseling (especially when feedback is given over email)
- Lack of systematic follow up efforts.
- Organizational data not put to full use (no action on the organization training needs identified)
- Looked at as an one-off activity and not as an intervention (Integrating with PMS and other HR practices is weak)
- No systematic research or documentation undertaken by organizations on the impact felt post a 360 Degree Feedback.
- No forum for participants to share their experiences or challenges

Today the ROI on a 360 DF is highly individualized. In fact, lack of post implementation support can convert this initiative from an investment to expenditure. For the organization to maximize its ROI from this initiative, the Dependence syndrome will need to go. While no initiative can be
successful if the individual participants are not 100 per cent motivated to get the best out of it or to bring about the desired change, organizations and individuals can take some simple measures to ensure maximum benefits and experience the long lasting power of a 360 DF implementation.

**Efforts at the Organization level.**

- **Individual counseling sessions:** 360 DF without individual counseling is like a medical report without an interpretation of what the actual diagnosis is. 360 DF throws up data under three distinct categories: data that can be readily accepted, data, which can be readily rejected, and data which one is unsure of (whether it belongs to the accept or the reject category). Once the individual has had some time to classify the data into these three categories, it is good to have a counseling session. Coming from a neutral perspective, the counselor can suggest important inputs on the way to organize the data, draw useful linkages and arrive at logical inferences. Individual counseling sessions give an opportunity for the participant to get things off his/her chest, get direction, dig a bit deeper into the possible causes of the feedback and chart out a focused action plan.

- **Breathing energy/Building enthusiasm around action plans:** Once the individual has charted out action plans, it is a good practice to publicly commit in a forum, the key actionables and seek help and support from the organization. This can be done in a presentation mode, where the audience is other fellow participants and some senior members who may be able to give some more suggestions to fine-tune the action plans. Forming a "360 Club" is another way of creating a platform to share with others (those who have also gone through the process) ones own progress, confusions and the challenges that one may face time to time. The feeling that we are all sailing on the same boat is a great motivator that allows one to share data and use each other as sounding boards.

- **Conduct "Effort reviews":** Very often clients or HR Managers ask consultants "How does one ascertain if an individual has implemented the action plans post a 360 DF implementation?" While a reassessment would be the most obvious way to do this, we must remember that when it takes more than 6 months to bring about a physical change in a person, imagine how much time would be required before one can feel a change in an individual's behavior? The most effective way to ensure that action plans are implemented is, to do and 'effort review' after the implementation, where each participant prepares and presents the actions plans that (s)he has implemented successfully, challenges/hurdles faced and focus for the next few months. It is advantageous to do this in a group setting, so that each participant can pick up tips from others, there is shared learning and reinforcement that they are moving in the right direction. HR can get additional inputs in terms of what more they can do to ensure deeper impact of the initiative, and other support that might help individuals in hastening the process of growth.
• **Explore innovative methods for a 360 DF re-assessment:** The first 360 degree implementation can normally be done by using a very comprehensive and detailed tool. After the counseling session and an 'effort review', it is a good idea to go in for the second round or a reassessment after 12-18 months using a shortened tool. The individual should be encouraged to choose the relevant items that he/she would like a re-assessment on. In the third cycle of 360 DF other minor yet powerful changes should be experimented with. For example the tool can be replaced with individual interviews, or the report can explicitly indicate feedback from the boss separately or from the customers etc.

**Efforts at the Individual level.**

• **Focus on the strengths:** One of the shortfalls of a 360 DF is that participants tend to focus more on areas of improvements, and tend to take for granted the long list of strengths. The best way to begin using the 360DF productively is to build on strengths, and find out how these can be leveraged. After all, strengths form the foundation of great careers and not weaknesses. The key to over coming many of the shortfalls may lie in the strengths that one has.

• **Looking at 360 DF beyond professional life:** It is a good idea to take help from the family. When one involves the family and makes them a part of the actions plans, it not only gives added motivation but also enhances the possibility of bringing about the desired change. Taking their help could be, asking them to periodically remind on the action plans or sharing with them ones progress or taking inputs/suggestions from their side.

• **Identify a mentor in the organization/outside the organization:** A mentor is an individual with whom one can be honest, and discuss ones progress, challenges and take help on the action plans. Periodic interactions are the key to getting the best out of mentoring.

• **Setting innovative reminders for one self:** Growth requires lot of effort and hard work. Some of the individuals who have brought up the maximum change are those who have used simple mechanisms to remind themselves of the change they would like to be, be it in the form of simple screensavers with the appropriate message, post its, inspirational posters, quotes or even juniors who would remind them periodically. There was the case of an army officer who, in his first round of 360 DF was pointed out that his biggest weakness was his 'short temper'. Using simple mechanisms and focused efforts in a span of 3 years time, he was very pleased to see that in the new cycle of 360 one of his greatest strength was that he was 'calm and composed'. He was able to bring about this change without any external help.

• **Publicly sharing what one has done after 360 DF:** Once an individual has done sufficient work and effort on his/her action plans, participants should volunteer and share personal
experiences in public forums, in-house training programs, team building workshops etc. on how has the journey been, the effort and impact of 360 DF. Leadership is all about positive role modeling, and sharing one strengths and weaknesses is a good way to begin.

360 Degree Feedback: What does the future hold for us?

- In the future, a 360 Degree Feedback implementation is likely to focus on Intellectual Capital Building, Leadership sensitivity and Better leadership styles, developing high energies at the work place, developing ability to face challenges and adversities better.

- 360 Degree feedback will eventually provide more conversation points, enhanced process orientation and eventually more employee retention.

- It will be a holistic feedback and family members (spouse, children's, parents etc and one / two friends) will also give feedback to the participant.

- 360 will not be linked with rewards or pay scales, and more ownership will lie with the individual (Integration with PMS at the discretion of the employee, it will be a suggestion and not insisted upon)

- More in-house expertise will be developed in the form of counselors, coaches and mentors (only counseling will be consultant based)

- There will be better linkages with development Initiatives; especially training and organizational level development plans will be implemented with greater vigor.

- Organizations will play a more active and supporting role in helping post 360 DF implementation, be it through helping participants to initiate and have dialogues with juniors, seniors and internal customers or through organizing help from external facilitators if needed.

360 degree feedback is like embarking on a long journey of self-discovery. While the process may be painful, it provides a golden opportunity of discovering oneself through the eyes of others, of being deeply honest about oneself. If used in an intelligent way, it can very well pave the way for each of us to be not only good professionals but also good individuals-a tool for holistic development.

"Between stimulus and response there is a space.
In that space is our power to change our response.

In our response lies our growth and all freedom"

Viktor E. Frankl (Author of Man's search for meaning)
EFT performance coaching releases human potential

-David Childerley

About The Author:

David Childerley AAMET EFT is a well known master performance coach and international speaker from Cambridge in the UK. Clients include corporate, media, Government and leading sportspeople. David is regularly asked to contribute to radio, television and various publications around the world and is a recognised expert on the natural universal laws of attraction. With over 10 years experience, David is also the founder of myGenie.tv and emocoach.com, online video coaching library’s (due for launch spring 2007) that delivers emotional coaching direct into people’s homes or offices. Learn more from David’s web site: www.davidchilderley.com. Educated at Trinity Hall, Cambridge University, Distinction in City & Guilds 706 1 & 2, Qualified EFT practitioner, Qualified coach.

For many years we have searched for the secret to human performance. Companies understand that their best asset is their staff, and yet they fail to maximise the potential because of poor education.

Some blame the lack of performance on a stressful workplace, which is always a good excuse. However there is no such thing as a stressful workplace, only stressed staff that brings their stress to work. During their day the workplace provides a number of emotional triggers, which provoke an emotional response in the individual.

For example, hearing a lovely piece of music on the radio might instil a sense of happiness as it brings back happy memories but on hearing a manager’s voice it might make you feel bad as it provokes a bad memories.

Here, the key factor to understand is that performance is a manifestation of how the staff feels about themselves. If an individual feels better, he performs better and if he is unhappy, it is clearly seen in his work as well. This is what we call a negative or positive vibration. Like in professional sports where the difference between winning and losing boils down to the positive attitude, the same is true for companies and staff.
So how do you help your staff to feel good? In the UK, employers are now realising that emotional education is the key to unlocking human potential. Everyone has a reason for feeling emotionally disturbed and they need to be educated about how to release it in order to feel good. When an individual can understand how to eliminate negative emotions like stress and anxiety, he starts to feel better and more in control. The morale improves and he can focus on their work and enjoy it. The performance results will always match the emotional well-being of the individual.

Much has been happening in the field of performance psychology in recent times and several “empowerment therapies” have been developed which dramatically cut the time necessary for effective emotional relief. In countless cases I have witnessed lasting changes within one session.

By utilising the power of **EFT (emotional freedom techniques)** Individuals learn how to transform their emotional state from bad to good very quickly. This in turn increases performance and productivity, especially in the sales function as fears of cold calling/prospecting and presenting/public speaking, seriously hold back growth.

By teaching employees to release negative emotions (stress) with EFT, they start to feel great about themselves they perform better at work. The key to performance management is teaching staff to understand how they work emotionally. When this happens staff work more efficiently and increase productivity. Happy staff produce high performance.

**Example:**

When you feel negative, how do you work?
When you feel positive, how do you work?
Most agree there’s a huge difference in performance depending on how you feel.

EFT (Emotional Freedom Techniques) is about returning the mind, body and feelings to a state of well being, balance and harmony so you are not limited by negative emotions. EFT is a very effective yet gentle method of directly balancing the body’s energy system for the feelings that you want to change and by tapping your fingers on specific acupressure points, the negative emotion is released at it’s root source. It simply dissolves and is replaced by positive emotions.

EFT performance management has been shown to be a highly successful intervention in these cases. When an organisation is paying premium rates for development services, performance is usually the key pay-back they are looking for.

Even if an executive or manager receives support in balancing work and home life, it will be with the aim of increasing their effectiveness and productivity at work and not for more altruistic reasons.

EFT performance management coaching derives its theoretical underpinnings and models from business and sports psychology as well as general management approaches.
EFT Performance coaching:

- Actively untaps human potential.
- Fine tunes and develops skills.
- Development activities are designed to suit client’s personal needs and learning styles.
- Eliminates specific performance problems.
- Can focus on interpersonal skills, which cannot be readily or effectively transferred in a traditional training environment.
- Performed in the ‘live’ environment
- Highly effective when used as a means of supporting training initiatives to ensure that key skills are transferred to the ‘live’ environment.
- Coaches and mentors transfer the skills to the client rather than doing the job for them.

At one time coaching and mentoring were reserved for senior managers and company directors, now it is available to all as a professional or personal development tool. Coaching and mentoring are also closely linked with organisational change initiatives in order to help staff to accept and adapt to changes in a manner consistent with their personal values and goals.

Coaching & mentoring, both of which focus on the individual, can enhance morale, motivation and productivity and reduce staff turnover as individuals feel valued and connected with both small and large organisational changes.

Whatever the challenge, EFT performance coaching can help any organisation achieve an effective solution.
Performance Appraisal-The 360 Degree Way

-Marcel Parker

About The Author:

Marcel Parker is currently President H R Raymond Ltd. An alumnus of IIM Ahmedabad,

Has more than three decades of rich experience in HR in MNCs and Indian multinationals. He authored number of articles and was also regional President-West NHRD. He is honorary member on the boards of various professional organizations.

Performance Appraisal-The 360 Degree Way

Much has been written about Performance Management Systems, many seminars, workshops and conferences have debated what the PMS must be/should be. Much benchmarking has been done, forms designed, redesigned, management gurus speak shared and yet there is no one-size-fits-all magic formula that works. Every organization develops and uses what works well for it and whether it’s an annual ritual or a balanced score card or a vibrant system, it’s one which all using it have the confidence to deliver the desired outcome - be it honest feedback/self-development/succession planning/training needs/all of the above.

One tool, which is increasingly being used by organizations as a honest feedback mechanism, and is not linked to recognitions or rewards, but purely for developmental is the 360 Degree appraisal system and done in conjunction with the top-down PMS that most organizations do, can deliver extraordinarily honest feedback to an individual.

Giving Negative Feedback

One of the best ways of improving and developing oneself in the workplace is to get relevant feedback from our immediate colleagues, peers, subordinates, as well as our internal and external customers.

Very often we shy away from giving honest feedback to those we appraise, that is our immediate reportees, because we hesitate to be upfront on giving negative feedback-
Why? Statements like "I have to live with Akshay for the next 12 months and you want me to tell him that he’s no good? Who will deliver my targets if he leaves? You Mr HRD?"

Or "If I tell Sheila that she's not going anywhere, she will be demotivated and will start looking around. Can I take a chance that in these days of high demand for her skills she won't walk out?"

Sounds familiar? The fact is that the Akshays and Shiela's that all of us deal with may get better jobs but when it comes to giving them honest feedback we hesitate. Sometimes because of the risk associated with it, sometimes because we want to be seen as a "great boss". In reality is we are uncomfortable about talking straight and take refuge sometimes in statements like "It's an Asian habit- look at the Chinese and the Japanese. Do they ever give upfront feedback?"

**Dealing With The World Inside The Organization**

Whatever may be our excuse, we are actually doing disservice to Akshay and Sheila by not being completely honest with them. One tool that can help them in a completely non-threatening manner is the 360 Degree appraisal system. The USP of this system is the complete anonymity of the data and the genuineness of the feedback given.

Typically in an old organization with a heritage of a PMS, feedback at senior level is sometimes conspicuous by its absence. In such organizations, HR must select the raters typically from amongst the appraisers' reportees, peers, colleagues, internal and external customers, typically persons who have a fair degree of interaction with the employee concerned. This is done once in 18-24 months but could even be annual. A personal note goes out from the head of HR to the persons identified within, outlining why this exercise is being done and assures complete confidentiality of the data provided and asks for the data in the format requested to be posted back to the head of HR in a sealed envelope to be opened by the addressee himself. The form need not be signed by the appraiser and this creates the trust appraisers sometimes seek whilst giving feedback so there is no linkage with disgruntlement or bias or being traced down. Only the person who has given the data thus knows -the HR chief will see the data, but does not know who exactly has sent it, so the degree of anonymity remains.

**Dealing With The World Outside My Organization**

In respect to the choice of the external customers, typically HR asks the appraisee for a list of 6-8 persons who know him reasonably well and who is typically someone he deals with regularly. From the list the HR head randomly selects 2 people and writes them a personal note explaining the purpose of the appraisal, reassures them of anonymity and requests for genuine feedback based on experiences in dealing with the employee. Here again the system basically calls for personal objective views about an individual one knows and deals with everyday.
The Actual Questions

Who doesn’t like to be told, “You are a great manager/leader”. A typical 360 format starts with an appraiser sharing 3 things about the appraisee which the latter does well and should continue doing.

Conversely, he is also asked to list three things that he/she should not be doing and why. The role of every leader is also to develop his reportees and the third set of questions ask the appraiser, if he is the appraisees subordinate/reportee what the latter has done to develop.

The fourth set of questions seek to establish the level of satisfaction the appraisee has with 20 defined traits ranging from recognition of effort to effectiveness in managing change. The twenty-first question is an overall question of satisfaction - Overall how satisfied are you with this manager? All ratings follow a four-point scale-very satisfied/satisfied/dissatisfied/very dissatisfied.

The Feedback

The analysis of the qualititative feedback is done personally by a senior executive under the direct supervision of the head of HR and the quantitative data analysis using a simple software, one relating to the other in such a way that the data must be corroborative and supported. A personal letter then goes out to each appraisee highlighting the areas which he is admired for and the development areas. He is asked to reflect on the data provided and use it for his developmental needs. That is, "how do others see me/How well am I performing my role. He is also told that this data is for his own reflection but is free to share it with his boss, should he wish to-it is purely voluntary. The HR Head also offers his own services, as a sounding board should the appraisee wish to explore what he should be doing. The appraisee is reassured that there is absolutely no linkage between what is shared in the report and his own reward/punishment

The Aftermath

So what do the recipients of this data actually do with it?

Over the last three years that we have been doing this exercise, the common concerns that have arisen are

- is there a misperception by my raters about how they see me
- my raters do not have that much interaction with me to form such judgements about me
- I actually know all about my strengths and weaknesses
- there is sometimes a vast contradiction in terms of different raters seeing me differently.
Whilst there are no stock answers on these, the moral of the story is "If someone perceives me as such, do I need to reflect on how I come across? " that is the crucial point of discussion with a trusted mentor/boss/colleague/HR chief to chalk out a programme of learning to improve oneself, if one believes that there is need to improve.

**Some Interesting Learning**

In the case of a senior person who was being assessed by one of his external customers, I got a call one day and the conversation went something like this.

Customer: You have asked me to give my honest feedback on Mr Gupta, but you must understand that if I really tell what he is like in the dealings he has with you, he may lose his job.

Me: Mr Shastri, I fully understand what you are saying and I can assure you of complete anonymity and confidentiality of whatever you put in the form.

Customer: All that is fine, but let me tell you, that nothing is confidential from Mr Gupta-he has ways and means of tracing this back to me and then what will I do?

Me: Do you have some faith in me? If you do and are uncomfortable putting it down in writing, tell me verbally and leave it to me to decide how to handle it.

The customer who did not know me at all, took the risk and shared the information with me, whilst it was quite damning in nature, after applying various filters, it was conveyed to the employee, who took it very well and has actually shown an improvement in this area.

Some organizations prefer to assign this to an external consultant for a variety of reasons. However if trust is one of the key values of an organization, then it must be demonstrated. Organizations use various permutations and combinations of the same data for different purposes. For example, creating the training need analysis, counseling, developmental etc always in a completely non-threatening atmosphere and not linked into reward or punitive action. Handled with discretion, anonymity and maturity this instrument can be a powerful tool to supplement the Performance Management System.
Performance Oriented Culture - The Covansys Story
-Sruthi Sagar Anantha Chari, CV Poornima

About The Author:

Sruthi Sagar Ananthachari, Senior Vice President and Head of Global Recruiting, Covansys

Sruthi Ananthachari is responsible for global strategic sourcing, vendor management and international mobility at Covansys.

Sruthi has more than 25 years of experience in the industry. His areas of expertise include global resource management, immigration, competency and career development, compensation. Prior to Covansys, he worked for several large organizations in India and in the U.S., such as Patni Computer Systems Inc., Tata Consultancy Services and Norsk Data.

Sruthi has a Bachelor of Science degree in Chemistry from Madras University followed by another bachelor’s degree in Law from Madurai Kamaraj University and a Masters degree in Sociology from Annamalai University. He is also a Certified HR Professional from the Society for Human Resources Management, USA.

C.V. Poornima, Manager HR, Covansys

Poornima has over 5 years of experience in the Human Resources with exposure to employee engagement, compensation, performance management, recruitment and resource management.
She is a Gold Medalist in the Masters in Social Work program from the Madras University and was the recipient of the prestigious “Best Young Manager of the Year 2005” award from the Madras Management Association.

“Expectations should stand out like mountains” was what I was told by one of my managers early in my career. Looking back, I still think how true this is whenever we talk about performance management even today. While the process of appraising performance has gone through change over time, from no appraisal systems to rudimentary appraisal processes, and finally to salary revisions based on performance measures. The theory of no increment, 1 increment and 2 increments in the good old manufacturing sector several years ago has been replaced completely with transparent objective systems today.

Again I can still hear the basic tenets for a good appraisal system that one of my gurus constantly emphasised - “Any appraisal system should be realistic, time bound and measurable”. One of the measures I can think of early from the Mahabharata days is the demonstrated excellence in archery by Arjuna even though he was recognized by his guru as one of the best archers; he had to prove it to the world. Similarly any excellence in performance should be recognized by others in the organization and not only by the manager or supervisor. This is the basis for 360 degree performance appraisal systems. If you build this credibility in any of your appraisal systems, I am sure you can rest assured you have a world class system in place.

The process of normalizing performance across the organisation standard and arriving at relative ranking is becoming common place in today’s corporate world. The erstwhile GE Chief Jack Welch is quoted as saying, “The top 20 per cent should be rewarded in the soul and wallet because they are the ones who make magic happen, losing one of those people must be held up as a leadership sin”. To him, the middle 70 per cent should be energized to improve; the rest should be shown the door. Many large companies including GE have relied on the much debated normalization techniques purported by Herrnstein and Murray in their book Bell Curve.

Our journey in Covansys to come up with an excellent process started sometime in the year 2000 when we felt we needed to revamp our existing system that was more unidirectional and did not
have an employee involvement in the appraisal process. There was also the middle of the road managers who rated employees between 3 – 3.5 on a five point scale that frustrated employees who were excellent performers and were not being recognized for the great work done. We decided that we need to put together a task force that will go into these with participation from cross functional teams that will come up with a very objective based system.

Fastidious Change Management is the key to successful implementation of any new process. We implemented the new process in two phases of automation and were finally out with a complete online version by 2002. This was adequately aided by training programs across the organization to make sure the changed process was understood and the performance planning and review cycle was institutionalized across the organization. There were also constant feedback sessions and suggestions were taken up and incorporated as changes to the initial program.

Our moment of crowning glory came when the organization was assessed at PCMM 5 in 2002 and later as one of the top ten organizations in the country to work for in the years 2005 and 2006 by Mercer-TNS survey.

Today, we have a robust appraisal process in place that has been rolled out across the globe. All employees of Covansys, wherever they are located can access and complete an appraisal online and take pride in a process that is transparent and truly global.

However in the constant drive for continuous improvement there are always new challenges and refreshingly newer solutions everyday. Performance management, compared to any other aspect of HR has been challenged time and again and pushed to morph and grow beyond. The primitive performance management models were constrained in arriving at measurable performance standards and subsequently the HR community’s obsession turned towards “Objectivity”. While some of the challenges from the past still haunt the talent assessment systems, there are also greater heights to be scaled.

Performance appraisal in their rudimentary form fostered apprehension and worry among the workforce. They were one-way, adversarial, universally despised. The move away from straight-jacketed appraisals which tended to be one-sided and not foster a dialogue between the supervisor and the individual has given a new lease of life to performance management in organisations.

As an ever increasing scenario where the workforce is spread across multiple geographies, including cultural differences measurement and review of performance, poses a challenge and while technology might mitigate some of those challenges, the human interface and understanding of cultural nuances is incalculable.

There have been numerous organisations that have been focusing on the training of managers and supervisors to handle performance challenges and one of the crucial factors to a successful assessment is the manager’s capability to handle both positive and negative performance scenarios.
A successful talent assessment and appreciation program needs to incorporate expectation setting, stated measurement methodology and a stage for mature interaction. Complementing this, an environment fostering excellence in individual and team performances, would create a culture where success becomes a habit.

**Performance Management System at Covansys – Personal Performance Contract (PPC)**

The performance management system is dynamic - drawing from the operational plan set for the year. Once the business plans are outlined at the end of every year, the operational plans for the next year are set in motion. Every business unit / service line then defines its target for the year. That translates into Key Result Areas at the project level, defining the individual employee contracts.

Every employee has a personal performance contract (PPC). At the time of entry into the organisation or a new assignment, the employee enters into a performance contract with his immediate supervisor. Therefore before every performance period, objectives for the term are discussed with the individuals. The employees clearly understand what is expected of them for that term. This removes any apprehension / defensiveness that the traditional performance management systems fostered.

The PPC outlines the KRAs and the goals for the performance time period. The frequency of the review of the Performance Review is determined by the respective business units and the project managers or supervisors, however twice a year is preferred.

The performance review happens on an anniversary basis with the month of the employee’s joining treated as the anniversary month. The contract is reviewed and goals defined for the performance period during this review meeting. If there are interim changes to the business goals or if the supervisor or subordinate feel it appropriate then there is an interim review of the performance.

**Performance Management Cycle**
Performance Enhancement Plan (PEP)

Once the performance review is completed certain individuals are identified for a performance enhancement program. In cases where individual’s performance does not meet the standards of the organisational performance there is a PEP brought in to effect.

The manager identifies the gaps and in consultation with the individual employee draws a plan for performance enhancement. The plan could include an array of support mechanisms beginning with on-the-job support from co-workers/project leaders to mentoring and formal classroom training programs.

A review timeframe of 3 – 6 months is fixed at the point of PEP initiation. Based on this the progress of the employee is reviewed at the end of the stated time period or if requested by the employee or manager during the course of the PEP phase.

Career Development

Covansys is committed to providing specified employees (Junior management and above) a career growth path based on individual’s aspirations, strengths, and organizational needs.

Covansys has a clearly defined competency based career progression matrix. Based on an individual’s aspiration and potential, a career plan is worked out in line with the organisation’s needs.

This plan is tracked periodically and clubbed with the performance review. The plan is suitably altered and the gaps are addressed with developmental or training programs or mentoring.

Typically employees in positions starting from junior management levels that require leadership skills are covered under this plan. The result is a Career Development Plan (CDP) for every individual in levels of junior management and above.

Employees in junior management levels and above, go through internal assessment centers. The assessment centers comprising of senior management executives from various teams evaluate the employee’s potential to scale up to the next level based on the presentation of the work done thus far by the employee and other behavioural attributes. This forms the basis for all promotions beyond the junior management level.

One of the first companies to focus on training and obtaining official certifications for project management, Covansys today has over 200 PMI certified project managers. To prepare junior leaders in project management, Covansys also has an in-house training program titled “PROMPT” that is similar to the PMI training program. Team leaders typically undergo this training program as the first step to PMI. This contributes to the decisions on career development (PROMPT) and succession planning (PMP)
Succession Planning

Organisations also routinely identify key positions that are critical to the organisation. These positions have succession plans in place. The key attributes for the position are identified and one or more direct reports are often identified to fill this position. In some cases they are aware that they are being groomed for this position and in some organisations the employee may not be privy to the same.

In Covansys, key positions are marked in a similar fashion and covered by a succession plan. We believe in keeping the employee informed of the same and therefore the employees are aware that they are being groomed, mentored and coached for the same. In addition to ongoing mentoring these individuals are also part of training programs designed to bridge the gap between the position and the individual’s potential.

In Covansys we believe the cycle of plan-perform-measure-review is a continuous one and is done constantly to achieve business targets. Since the employee actively participates in setting goal and measurements criterion, there is a great degree of acceptance and the fear of the “evaluation process” is removed. Therefore while expectations stand out like mountains, the manager helps the employee in his ascent!
Emirates Bank – The Performance Management Saga

-Preetham Nathan

About the Author:

Preetham Nathan is currently the “Head – HR Services” of Emirates Bank Group. Mr. Nathan was head hunted out of India to join Emirates Bank in their Organizational transformation journey.

Prior to leaving India, Mr. Nathan has worked in a variety of Organizations ranging from Banking, Construction & Engineering, Electronics and Software and in various capacities within Human Resources. The diverse Human Resources experience of Mr. Nathan spans 20 years and commenced after post-graduation from XLRI, Jamshedpur in India. Apart from the diverse experience and qualifications, Mr. Nathan is Chartered Psychologist registered with the British Psychological Society, an authority in Assessment & Development Centers and Targeted Selection Methodologies.

The Emirates Bank Group is owned by the Government of Dubai and has grown from humble beginnings to becoming a recognized force in the UAE market over the years.

Around 30 years ago, the Emirates Bank was formed as a result of a few small banks that went under. These private banks were merged and taken over by the Government of Dubai and thus the emergence of Emirates Bank.

The Bank primarily grew as a strong corporate bank with solid controls and risk parameters being well-defined. This led to the bank being focused on lending to corporate and profits being predominantly from corporate banking. This is in spite of the bank having a large branch banking presence in the market.

However, the transformation exercise initiated over the last seven years has changed the bank. The thrust on Human Resources management was initiated and every aspect of this area staffed with competent and quality personnel. Processes and systems were put in position. Assessment centre, reward systems etc were the new norms, however without the business thrust and the management of performance the bank was still a player and way down in the league table on performance, asset size and profitability.
The challenge was to take each and every part of the bank forward. The initial strategy was to ensure that the branch and retail framework be conceived and a structure to match the delivery of the strategy drawn up within Human Resources.

The strategy formulated for each division is carried forward through the balance score card method, captured for each unit at the group level. The group general manager’s cascade their score card across each of their reporting line managers.

The performance management system then became the crying need for the organization. The existing and obsolete system that was used over the years did not come in the aid of the units. With increased sophistication, the units demanded for a better reward management system and hence a better performance management system.

Given the need to perform and deliver exceptional results, the need for a performance management system was required and going far beyond the realms of only key result areas. Each staff prepares a Performance Plan at the beginning of the year that cascades “What” from the top to the bottom for each unit.

The Performance Plan is the first stage of the Performance Management process. It helps each staff answer the following questions:

- What am I expected to achieve this year and how?
- What will help me achieve these goals?

However, the process of getting to the achievement begins with reviewing the role description and deciding on the “Whats” and “Hows” related to the job.

Having detailed the entire plan, staff is allowed to discuss with their managers. The meeting also covers the development / action plan for each goal and is reviewed on a quarterly basis. On agreement of the Performance Measure plan, the follow up review plan works perfectly to enhance and direct each of the agreed goals. Obviously there are bound to be disagreements between individuals.

**Defining Key result Areas - Your “What’s”**

![Diagram of Key result Areas]

- **Financial**
  - Increase Assets
  - Revenue / Dollar Volume
  - Cost Targets
- **Customer**
  - Competitively priced financial products
  - Accuracy rates, Down time
- **Internal Processes**
  - Implement Business Plan
  - Customer Satisfaction
  - Service level agreement
- **Learning & Growth**
  - Development of staff reporting to you.
Typically the Manager's responsibilities would cover:

- What am I expected to achieve this year and how?
- Give regular feedback and coaching where needed.
- Keep records of performance.

The subordinates would cover:

- Monitor and go through with the agreed "What's", "How's and Development / Action Plan."
- Seek feedback and assistance if required.
- Keep a record of the performance.

The last and the final stage is the Annual Performance Review. It helps answer these questions:

- How have I performed over the whole year?
- How will I be recognized and rewarded for my performance?

Defining Key Behaviors - Your How's

Example:

<table>
<thead>
<tr>
<th>What</th>
<th>As Per Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve budgeted total lending in dollar</td>
<td>1 = Over $ 700 million</td>
</tr>
<tr>
<td>volumes by Sept 2006.</td>
<td>2 = $629 million - $700 million</td>
</tr>
<tr>
<td></td>
<td>3 = $560 million - $620 million</td>
</tr>
<tr>
<td></td>
<td>4 = $500 million - $560 million</td>
</tr>
<tr>
<td></td>
<td>5 = $450 million - $500 million</td>
</tr>
</tbody>
</table>

For each “What” have a weight of 20%, so that the total weighting of What’s is 100%.

They are behaviors most important to your "What's" They are not all the behaviors needed for your job.
Focusing on the "How" is important because they describe how you should go about your work in order to perform effectively. They also help you to identify your development needs. The "How's" used in the Performance Measure process have been developed using Job Families. Hence, each role would have specific Role descriptions with the competencies clearly specified and the definitions specifying the level for each role.

The disagreements need to be documented as part of the normal quarterly review process and referred to the Reviewer (Manager’s Manager).

A second process that at times is also followed is to refer the disagreement to Human Resources for an independent opinion and outside the environment of the line unit.
The last step after the Annual Performance review is the ratings:

- Each 1-5 rating is multiplied by the per cent weighting for that "What"
- Add the weighted ratings for all "What's" and round off the total to the nearest whole number.
- The behavior ratings are defined as follows:
  A. Role Model / Clearly exemplary behavior.
  B. Consistently meets or at times exceeds standards.
  C. Requires development / does not meet standards.

Rate the behavior competencies on each scale. The performance management summary assessment combines the overall "What's" and "How" ratings. It is plotted in this matrix to show where you should focus to improve your performance.

<table>
<thead>
<tr>
<th>What's</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>How's</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td></td>
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<td>B</td>
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<tr>
<td>C</td>
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<td></td>
</tr>
</tbody>
</table>

A. \[\text{Meets or exceeded performance management goals.}\]
B. \[\text{Need to improve "What's"}\]
C. \[\text{Need to improve "How's"}\]
D. \[\text{Need to improve "What's" and "How's"}\]
The inputs to the other processes:

- Reward & recognition.
- Training & Development
- Career Development

The basic understanding of the process is to:

- Be simple to understand.
- Provide greater differentiation between high & poor performers.
- Reward staff who improve their performance over time.
- Reward staff who maintain a good level of performance over time.
- Provide a common framework for all units to use.

I believe that the proof of any process is the result of the process. Today, whilst reflecting the 7 year journey, the Bank has achieved the following:

- Moved from a AED 15 billion asset base to an AED 95 billion asset base.
- Profit from AED 200 million to AED 1.9 billion.
- Attracted over 49 Nationalities from across the world and from a variety of organizations.

A position from the bottom of the pecking order in the UAE to Number 1 in Dubai and Number 2 in asset base across the UAE. A brand that is well recognized and unlike the past easily able to attract talent.
NEW ROLE OF HR PROFESSIONALS IN PERFORMANCE MANAGEMENT

Tapomoy Deb

Abstract of the Article

HR Professionals has been so far satisfied with the role of facilitators in the organizational context. However, with globalization of economy, pressure on HR professionals to improve bottom line of the organization has assumed critical importance. HR professionals of the 21st century need to be the driving force behind organizational performance improvement programs as Process and Team Leaders by sharing responsibilities, initiating cultural, structural and behavioural change and leveraging people capabilities with organizational goals. In this article, an attempt has been made to look at the current role and future roles of HR professionals in organization wide performance management system.

About the Author:

Tapomoy Deb holds M.Phil (Management), MBA (HRM), MSW (PM&IR), PGDHRD, DLL and B.Sc (Hons) Physics. He is currently working as Dy. General Manager–HR in Spentex Industries Ltd., New Delhi (largest yarn manufacturer), and has wide corporate experience in HR. He is a member of several professional bodies and has published more than half-a-dozen articles on HR Management in leading professional HR journals. He has authored several textbooks on Human Resource Management, Human Resource Development, Strategic Talent Management and Training and Development for postgraduate management students. He is the recipient of several medals and prizes in his academic career.

Fred E. Whittlesey (1994) remarked that "HR professionals need important new knowledge skills-traditional HR skills will not be enough just as the job of webmaster did not exist a few years ago, new HR oriented jobs will emerge that we cannot even dream today". What will make strategic HR role possible in many organizations in future will the HR professional’s shift from being a doer to an enabler, from being a staff functionary who delivers pre-packaged HR services to the employees in the organization to being a service that helps business managers create and manage their own customized HR policies. Since human resources represents a significant cost to the organization,
the effectiveness of HR professionals can influence the overall success or failure of the organization. HR professionals must come out of this 'tunnel' vision and broaden their mind and link goals with strategy of the organization.

Gilley and Eggland in their book entitled Principles of Human Resource Development state, 'The purpose of human resource development is to bring about the performance improvement that will ultimately enhance the organization'. This transformation of role of HR professionals is closely tied to transformation of HR as a profession. Therefore, developing competency models for HR professionals is an important first step in the evolution and advancement of the HR profession. Now, for becoming business partner, HR professionals require critical knowledge in the four areas of strategy, business, operational and HR domains. One of the critical HR domains is performance management, which is increasingly becoming focus of organizations to gain and sustain their competitiveness. HR professional is therefore required to sharpen his own competencies for improved individual and corporate performance, continuously and consistently. Managing competencies for effective performance management includes cultivating the performance of HR professionals, assessing HR performance and regarding it appropriately and designing human resource development programs for improved individual as well as organizational performance.

Accordingly, new roles of HR professionals in the 21st century shall include shaping business strategies, leading and synergizing change, championing employee commitment and involvement and be essentially an organizational architect. Some of the key future role of HR professional of 21st century in respect of performance management is enlisted below:

1. **HR Professional shall be responsible for building competency of the organization:**

The new reality is that the HR professional of the future will not be a member of the corporate staff, in service to the executive suite, but a working member of a business team that is being held accountable for improving business results. HR professionals, being strategic business partner, will be required to serve as **competency builders** to the organization by being conversant with strategic concepts and imperatives and helping to craft and execute corporate strategy which results in inimitable results, actions and behaviour of human resources of the organization. Increasingly HR professional will be required to integrate seamlessly the development of organizational strategy and HR strategy on an iterative and continuous way to pave the process of effective performance management. HR professional shall have to play a pivotal role in identification of performance gaps, benchmarking and enabling higher level of individual performance so that the synergistic effect can be obtained. He shall be entrusted with the job of taking stock of performance related issues and problems on proactive basis and assist managers and top management in boosting overall organizational performance through human resources by creating appropriate performance oriented work culture, devising innovative reward and compensation systems, managing talent pools, developing competencies and managing appropriate ethical behaviour in the organization.
2. **HR Professional should be able to pre-empt performance problems in advance and ensure its speedy and reliable rectification:**

In this global business scenario there is no second chance. Organizations have to do things right - the first time itself. This is possible only when the employees of the organization are capable, competent, motivated and committed and deliver excellent performance year after year. Performance problems are likely to occur in such a scenario. Now there are two ways open to HR professionals - either to wait for the inevitable performance problem to occur or pre-empt performance problems by sniffing around. Given that result has to be correct the first time, only pre-empting performance problem is open to HR professionals of the future as the old proverb goes 'prevention is better than cure'.

3. **HR Professional shall act as 'Performance Counselor':**

If an organization is to sustain its competitive advantage, it needs employees who are productive and willing to continually learn and adapt as their roles change along with the organization. Organizations need employees who at best exceed expectations and at worst meet standards. **Performance counseling** is a manager-initiated strategy for improving employee’s performance. Because it means better bottom-line results, organizations recognize and reward such managers. Managers with good counseling skills can get that kind of performance from their employees by using the tools of counseling. However, the problem is that not many managers are good in counseling their employees for improving performance. Because of this, some managers think they can avoid counseling traps just by ignoring performance problems, but that can be the biggest career mistake of all, should organizational performance deteriorate as a result from this failure.

HR professionals can help managers to master performance counseling skills so that high levels of performance are expected and received from the employees by assisting managers in identifying skills, motivational or resource deficit being faced by the employee. Also HR professionals can motivate and seek commitment from managers about the vitality of performance counseling in order to get employees ready for new tasks or assignments that require new skills and provide direction, support, feedback and training to help employees achieve performance expectations. At the same time, HR professionals can help employees to remove or reduce their inner obstacles to outer performance so that the employee is helped to successfully monitor and observe his job performance on an ongoing basis with assistance of his manager. However, HR professionals got to be proactive in identifying opportunities for rendering performance counseling to employees along with the managers and not wait for the inevitable problem.

4. **HR Professional's Entrepreneurship Skills shall be critical to improve organizational performance:**

Nowadays it is the acquisition of human capital which is central to growth and development of an organization. This requires improving the performance of an organization through improved
performance of human resources. By organizational performance improvement we do not mean 'incremental', but 'leap and bound' improvements which can enable an organization to build, nurture and sustain competitive advantage over a longer period of time and help in growing corporate wealth generation. HR Professionals must develop a contemporary workplace style if they plan to succeed in the reengineered and automated world of human resource management.

HR Professionals should create an organizational environment where Every business faces the challenges of fluctuating market conditions, capital market fluctuations, variations raw material prices, demand for products and differential tax structures. Therefore, to surmount these challenges is critical for sustaining organizational competence and performance. This calls for excellence skills on the part of HR professionals to make strategic alignment for not only superior products, superior customer support and improved operations, but also nurturing innovation and creativity at all levels and all aspects of the business for competitive advantage.

Today corporate needs Socially Responsible Managers who can bring greater awareness in the community to minimize damage to the environment. This is the only heritage that will be left to the next generation to cherish.

**Conclusion:**

It's time now for the HR professionals to move ahead and assume a proactive, executive and architect's role in the organizational context. In this global era, the success or failure of the organization will depend on the understanding, judgment and skills of the employees, and hence HR professionals must play a pivotal role in enhancing organizational and individual competitiveness in the marketplace characterized by Olympian competition. However, it's worth noting that if HR fails due to lack of top management support, the HR professionals can, and should, leave for another organization. According to Dr. Athreya, 'A badly run business can fall behind, but HR should not'. To conclude, it will be prudent to quote Helen Keller:

"Don't pray for me .... I'm only blind. Pray for those who have no vision."

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Performance Management System at Philips

– Manish Kumar

Profile:
Manish Kumar is currently Director – HR for the Consumer Electroncis Division at Philips Electronics India Limited and also manages the C&B portfolio and People Services. A major part of Manish’s career has been with Philips, where he has spent the last 12 years. Prior to Philips, he had a two year stint in Durgapur Steel Plant.

After a Bachelor’s degree in Science from Delhi University, and M.Sc from IIT Bombay, Manish obtained his post graduation degree in HR from XLRI. He thereafter joined Philips in June 1995 and started his career as a management trainee. Over the past decade, he has handled a range of assignments in the Kolkata factory as well as in Mumbai, in areas of Compensation, Performance Management as well as Sourcing. He has a deep interest in understanding and implementing HR policies for creating and sustaining high performing teams. Manish has played an important role in harmonizing the Company’s compensation structure and policies to market realities as well as in the job evaluation process to align the job grades in Philips India to the global corporate structure.

He has also been guest faculty at IIM Kozikode over the past year as well as other professional forums.

‘People Performance Management’ or ‘PPM’ as it’s known as, allows us to assess performances, based on our long-term business goals – something we, and many other companies, have struggled to do in the past. With PPM in place, we have an effective way to develop a high quality and motivated workforce. The PPM process is a way of evaluating an employee’s performance over the last year as well as setting clear objectives for the coming year.

What’s more, an employee’s performance is not only measured by what has been achieved in relation to his key areas of responsibility and objectives, but also how that has been realized. To measure the latter, the company values have been incorporated in the PPM process. Corporate values play an important part in the PPM assessment process. This forms the basis for the
company Philips wants to be – its culture, way of doing business and how the brand will be developed. How well an employee reflects these values in meeting his /her objectives is a key element in PPM.

The system is designed to be as objective as possible, reflecting the employee’s views, those of the managers as well as of the peers and colleagues. The most important aspect of the entire process is creating an effective dialogue between employees and their managers. It provides an accurate, un-biased picture of how well one is performing and forms the framework to help the employee and the manager move forward to achieve both personal and business goals. The overall ratings will then be calibrated by the management team to ensure a fair and consistent assessment. Supported by HRM, they’ll also provide coaching and mentoring to help the employee develop competencies required to meet the targets jointly agreed.

The main objectives of PPM’s are:

- Align personal objectives with business goals
- Reinforce our corporate values
- Advance people’s development
- Link reward to performance

![Performance Management Framework](image)

The Appraisal process at Philips:


Final Document
Legend:

E = Employee
CO(S) = Co Assessor
M = Manager
CM = Calibration Manager
NLM = Next Level Manager
PPM = People Performance Management

1. **Employee Input Stage** - Here the employee does a self appraisal based on his performance for last year, he lists his development activities and also does a draft plan for performance and development for himself. The document is submitted online.

2. **Manager Input Stage** - Here the manager reviews the performance and potential of the person and rates the employee after taking into consideration the views of the co-assessor who is typically the functional manager.

3. **Calibration** - Calibration meetings are held to look at performance and potential for a unit. During this meeting managers (typically management teams of the business/unit) discuss and finalize the performance and rate whether he should be promoted, based on the guided distribution.

<table>
<thead>
<tr>
<th>100%</th>
<th>70%</th>
<th>50%</th>
<th>15%</th>
<th>5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceels</td>
<td>Exceeds</td>
<td>Fully Meets</td>
<td>Partially Meets</td>
<td>Requires Action</td>
</tr>
</tbody>
</table>

Applying a guided distribution helps:

- to stimulate differentiation between excellent, good and poor performers
- to increase **consistency** and **fairness** in the rating process
- to recognize and retain people in a fair way

In addition, the potential is assessed as a group and a rating is decided. Compared to many other Performance Management Systems, the ratings are not decided just by the manager. The rating, in the grid below, is decided by the management team in a calibration meeting.
The Employee is told about his ratings on performance and potential by his manager only after the calibration is over.

Legend:
Value Rating:

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Excels</strong></td>
<td>Made an exceptional contribution beyond area of responsibility and exceeds all performance objectives. Clearly acted as a role model for others for living the values.</td>
</tr>
<tr>
<td><strong>Exceeds</strong></td>
<td>Contributed significantly within area of responsibility; met and often exceeded performance objectives. Consistently demonstrated all our values.</td>
</tr>
<tr>
<td><strong>Fully Meets</strong></td>
<td>Fully meets responsibilities and objectives and typically demonstrated the values. Overall is perceived as a solid performer.</td>
</tr>
<tr>
<td><strong>Partially Meets</strong></td>
<td>Met many, but not all responsibilities and objectives and partially demonstrated the values. Coaching &amp; training may be needed.</td>
</tr>
<tr>
<td><strong>Requires Action</strong></td>
<td>Generally failed to meet responsibilities and objectives and/or demonstrate the values. Firm action is required.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Path</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fast track</strong></td>
<td>Demonstrates the ability to operate at least two Corporate grades higher within 3-4 years. Quickly expands competence, gaining depth and breadth. Demonstrates competencies well beyond what is required in current role.</td>
</tr>
<tr>
<td><strong>Growth path</strong></td>
<td>Demonstrates the ability to operate one corporate grade higher within 1-2 years. Expands competence, gaining depth and breadth. Demonstrates competencies beyond what is required in current role.</td>
</tr>
<tr>
<td><strong>Well Placed</strong></td>
<td>Placed in appropriate corporate grade fro the next 1-2 years or placed in final corporate grade. Developing in current role.</td>
</tr>
</tbody>
</table>
4. **PPM meeting** - This is the crux of the process, by deciding on the ratings in advance of the meeting - the tenor of the discussion is changed from a negotiations on ratings to a richer discussion on performance and development.

The process is also used to decide on the performance targets and development plans for next year.

5. **Completion** - The employee signs off on the final document where he also has the right to disagree with the appraisal. If this happens a red flag is raised and the next level manager as well as the HR managers are informed.
SPEED : The Performance Accelerator

-Preethy Unnikrishnan

About the Organisation

Tata Consultancy Services Limited (TCS) is the world leading information technology consulting, services, business process outsourcing and engineering services organization that envisioned and pioneered the adoption of the flexible global business practices that today enable companies to operate more efficiently and produce more value. TCS achieved this by creating and perfecting a unique method of global deployment and delivery of high quality, high value services and products in IT consulting and business process outsourcing. Known as the “Global Delivery Model,” this strategic services delivery concept has reshaped the IT services industry. With over 80,000 of the world’s best trained IT consultants located in 51 countries, TCS is uniquely positioned to deliver its flexible world class services seamlessly to any location.

About the Author

Preethy Unnikrishnan heads the Talent Management function in TCS Chennai, which is the largest branch of TCS, with over 17000 employees. A post graduate in Personnel Management and Industrial Relations from Rajagiri Institute of Management, Cochin, and a University topper, she has over 8 years of HR experience in the IT industry. She has handled several portfolios in her career with. Preethy is a certified Senior Professional in Human Resources and was also the runner up in the Young Managers contest organized by Madras Management Association. In this article, she shares her experiences with online Performance Management Systems.

TCS has a robust online system for Performance Management. The tool called SPEED (System for Performance Evaluation and Employee Development) is an in-house application that is used by TCSers across the globe; to set goals, monitor progress, evaluate performance and record areas of improvement. The transition from a traditional performance management system, to an online system was not easy. However, there were several factors that accelerated TCS’ movement towards an online tool for performance management:
The growing employee base and their geographical spread which made it difficult to ensure timely compliance.

The dynamic nature of consulting engagements, where one moves between multiples projects in the appraisal period, added to the complexity.

Demand for standardization of goals, and making the process more transparent and objective for the employee.

Enhancing the reliability of the process, to avoid possibility of errors/ omission when the ratings or promotion recommendations had to be ported into the HR Management System.

Need for creating a repository where the performance history (along with qualitative feedback and promotion history) of employees would be available online.

Need for an effective MIS that could give dashboards and reports on vital information related to performance.

TCS developed SPEED in-house to address these requirements. Since its initial roll out, it has evolved through four versions and upgrades to its current avatar of a web-based application. It weaves a thread across the various stage of the Talent Management life cycle in TCS, which is illustrated below.

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**Talent Management Life Cycle @ TCS**

- New Entrant
- Quarterly Goal Setting & Appraisal
- Performance Review
- Confirmation
- Significant Progress
- 90 Days Performance Improvement Plan (PIP)
- Weekly Performance Review
- No Progress
- EXIT Plan
- Half yearly Goal Setting & Appraisal (H1 & H2)
- Rationalisation & Relative Ranking
- Expansion of roles & responsibilities
- Promotion Review
- Inputs to iCALMS on Competencies, Learning & Development Needs
- Ratings flow to HRMS
TCS follows a five point rating scale for assessing employee performance. The ratings arrived at through a two-step review process depicted above, goes through an exercise of rationalization, to arrive at the desired rating distribution.

TCS has adopted Robert Kaplan's Balanced Score Card (BSC) philosophy and methodology to align individuals' goals with that of the organisation. The CEO's scorecard, which is arrived at after a series of strategy sessions by the TCS think tank and strategy consultants, is cascaded down to each and every employee using SPEED.

SPEED has the following features

- Role based goal setting using the BSC philosophy (under the four perspectives that is, financial, customer, internal process and learning and growth) - frequency is half yearly for confirmed associates and quarterly for trainees and probationers
- A basket of standardized, role based goal templates to choose from, which helps the supervisor choose goals and add any customized goals specific to any role
- Alignment of goals of the employee to that of the supervisor
- Definition of role based attributes and option to customize weightage of each attribute to the role
- Provision to record targets against each goal, assigning weightage based on the importance of the goal to the role, and difficulty level which defines the stretch that would be required to accomplish the goal
- Objective description of achievement which aids the supervisor in assessing performance level, which would translate to a rating for each goal
- Different description of goal achievement for different levels of difficulty (stretch) - the higher the stretch, the better the rating for any given level of performance
- Rationalization, which enables relative ranking
- Sharing of evaluation with the employee and record of discussions between the employee and the supervisor
- Dashboards and reports for the management on the status of the goal setting process, disagreements in ratings, promotion recommendations, rating distribution etc.

The following figure illustrates the process flow of Goal Setting and Performance Evaluation in SPEED.
SPEED has had a profound impact on TCS’ Talent Management process and culture. From the yester years, when timeliness was a challenge even for one annual cycle, to today, we have crossed many a milestone and achieved high level of quality and timeliness in the appraisal process. Over the years, the employees too have responded favourably to the advances in the Talent Management System, which is reflected in the high scores for Performance Management in PULSE (Employee Satisfaction Survey).

Challenges

While the immense benefits of an online tool may be very encouraging, TCS has been very pragmatic in dealing with the challenges posed. We have consistently foreseen these challenges and built interventions to address them.

The biggest risk in any online system is the human element in the appraisal process. The importance of discussion with the employee, providing timely and adequate feedback, which would ultimately be the basis for a mutually rewarding relationship based on trust, should be stressed and built into the Organizational work culture.

Another important success factor is the user education. Every time that a version upgrade happens and new features are introduced, HR extensively engages with the employees and educates them on the new version. This is extremely important as this tool has an impact on one’s ratings, learning and development and career growth.
Building a synergy between the online Performance tool with other critical systems like compensation and payroll, learning management system etc.

An analysis of the ROI is a must before an Organisation invests in an online tool, as the initial investment would be very high.

In essence, there are several benefits that an online system can offer in making the Talent Management process more efficient and effective. TCS Management has always been supportive of use of technology for simplifying and strengthening our internal processes. The biggest success factor in all our digitization initiatives has been the Management’s commitment to fostering a culture of transparency and collaboration, without which no system can be effective, however good they are.
Performance Management

-G.K. AGARWAL

About The Author:

G.K. Agarwal, Executive Director (HR) & Power Management Institute in NTPC.

Agarwal is a graduate engineer from Indian Institute of Technology, Kanpur, a post-graduate in Industrial & Management Engineering from USA, and a post-Graduate Diploma in Personnel Management. He has also successfully completed Executive Coaching Workshop at Wharton School, USA.

He work with Electronics Corporation of India Ltd., HMT, Srinagar, Bharti Enterprises and NTPC.

Agarwal Member of the Academic Councils of Bharti School of Telecommunication Technology and Management at IIT, Delhi; Institute of Integrated Learning Management, New Delhi; Lal Bahadur Shastri Institute of Management, New Delhi.

Performance Management System is one of the most critical HR systems for creating performance-oriented culture in an organization. PMS is also a driving force in bringing about transparency, openness and enabling environment, which ultimately determines the engagement and satisfaction of the employees.

PACE (Performance & Competence for Excellence): PACE, the Key Performance Areas (KPA) based performance management system, is the formalized and standardized performance management system in NTPC for all executives. The system is designed for enhancing the performance-oriented culture of NTPC through objectivity, openness and transparency. The guiding principles of the system are as follows:-
To accomplish the overall organizational vision and mission by linking individual performance to company’s objectives.

To cascade company’s strategic goals to individual level and to provide a framework of goals and standards from which to measure performance.

The focus of PMS is to strike a balance between performance and competence in order to excel at individual level.

The PACE also aims at developing technical/functional competencies along with leadership and managerial competencies.

To encourage two – way communication between the executive and the reporting officer and bring about transparency in the performance assessment process.

It is also used for potential assessment and capturing “Core Values” being practiced by employees.

The process is designed to make the system transparent, open, and for giving feedback for developmental areas.

Provide a framework of goals and standards from which to measure performance

Develop action and training plans to correct performance problems, and establish goals for the next time period

The PMS process is broadly divided into the following 5 stages:

PMS is a five step process
Performance Planning:
- Performance planning done jointly at the beginning of the year
- Identify KPAs, constituents, weightages, measures and targets
- Identify functional and managerial competencies for the executive

Mid Year Review:
- Joint review of performance (KPAs, Competencies, Values and Potential)
- Document mid-year review discussions
- Document changes in KPAs, if any.

Annual Assessment
- Assessment of KPAs, Competencies, Values and Potential by reporting officer
- Training and Development Plans
- Review by reviewing officer

Normalization Process:
- Ensure parity and integrity by minimizing rater variation across various departments
- Enhance objectivity and transparency in the appraisal system

Feedback
- Communication of score and relative performance
- Developmental feedback
- Individual Developmental needs of the executives captured from the PMS instrument are basic inputs in the design of training calendars in the different units of the company. Employees are nominated to those programmes to enhance their skill and knowledge for better performance and productivity.

The PACE system has linkages with other HR sub-systems like,
- Career Development
- Job Rotation
• O D and O B interventions
• Succession Planning
• PMS also helps in drawing individual career paths. Based on the performance and potential of executives, job rotation is carried out to groom identified executives to acquire required exposure and expertise to occupy key leadership positions. Act as a forum for individual career development issues

With a view to speed up the process of PACE at each responsibility level, the system is going to be made ‘on-line’. This will further improve the professional management of the performance in a large organization like NTPC.
Performance Appraisal in Academic Institutions

-Dr. Lalitha Balakrishnan

About the Institution: MOP Vaishnav College for women started in 1992, is affiliated to Madras University and accredited by National Assessment and Accreditation Council. It has many firsts to its credit - some of which being -

- Youngest college to get Autonomy status.
- First college to start FM Community Radio
- First college to network all its classrooms through Campus Television

It offers 13 Under Graduate and 5 Post Graduate Programmes. The department of Commerce is upgraded as a Research Department. The MBA Programme has been consistently awarded A Grade. Almost 100% Placement is one of the highlights of every UG & PG Programme. The College is the winner of the prestigious Managerial Excellence Award for educational sector.

About The author:

Dr. Lalitha Balakrishnan, M.Com, MBA, M. Phil, Ph.D, is Vice Principal, MOP Vaishnav College for Women. She has had a brilliant academic career with University ranks in her UG and PG. She has co-authored 2 books, in Human Resources Development and Organisational Development (under print - Himalaya Publishing House). She has over 16 Publications in National level business journals.

Dr. Lalitha was part of a Joint Research project with University of Connecticut, U.S.A, She is on the Board of studies of Management at University of Madras. She is an excellent quizzer with a great passion for sports.

Performance appraisals are periodical review of employee performance. The appraisal process dates back to times immemorial, probably from the time organised activity started. While it matured in corporates it is still nascent in educational institutes. This article is an attempt to share the appraisal process in an educational institution.
As a basic human tendency people tend to make judgments about those working with them. In the absence of a meticulously structured objective system of appraisal, people will tend to judge the work performance of others, including subordinates informally and arbitrarily based on their likes, dislikes, biases and prejudices. The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Even the best-designed appraisal systems cannot completely avoid subjective judgments as long as one human being assesses another. However structured appraisal systems, can only minimize subjectivity and enhance objectivity.

Appraisal results are not only used for developing, and rewarding individuals but are also used to identify the poorer performers who may require counseling, or in extreme cases, demotion, and dismissal. It is important that the appraiser be well informed and credible. To bear fruit of the exercise, appraisers should have thorough knowledge of the process, what the employee is expected to achieve and his/her actual performance during the period of review. When these conditions exist, employees are more likely to view the appraisal process as accurate and fair. They will also be more open to the feedback from appraisers and will also be willing to bring behavioural modifications.

Well-designed and administered appraisal system yields a number of benefits both to the organization/institution and to the concerned individual. To cite a few of them:

- Improves performance of both superior and subordinate triggered by enhanced communication between them;
- Improves interpersonal relationships in a culture of problem solving rather than mutual blaming and fault finding;
- Helps to identify training and development needs based on performance gaps;
- Enhances organization culture where continuous improvement and success are created and maintained.

Benefits for the appraisee include:

- Increased motivation if the feedback is effective
- Increased sense of personal value and self-esteem
- Improved working relationships.

While the entire process is a few decades old in the corporate sector with a number of experimentations and improvements, it is still nascent in educational institutions.
Appraisal process in academic institutions:

In a large number of academic institutions, the principal or head of the institute carries out annual appraisals more often "confidential in nature" than "open". Such assessments are "routine form filling exercises" and may not carry any significance as decisions like rewards or salary increases are not linked to it.

Evaluation of faculty by Students:

However, of late a number of educational institutions commenced the practice of evaluation of faculty by the students as soon as the concerned course gets over with an intention to continuously improve the courses.

The students are the customers in any educational institution. Their feedback is valuable. No doubt students predominantly in their teens may judge a teacher based on extraneous criteria like her attire, how she presents herself, her life style, and her accent etc., However the current generations of students - "Generation next" - are mature, know what they want from teachers and can objectively assess to what extent they got it. Since they respond in large numbers, the reliability of responses is addressed. However, one may proceed with care in lieu of the following limitations:

- Some of the courses are designed to ensure the overall development of the student. The benefits from these courses may not be immediately visible and the students may not be able to appreciate the long-term benefits. Lack of inherent interest and appreciation in such subject may get transferred to the poor ratings for the faculty.

- Assessment instrument has to be properly designed to elicit the right responses clearly distinguishing between course content, methodology and teacher effectiveness and the students need to be appropriately briefed/trained prior to evaluation.

Multiple evaluations:

Apart from teaching, the faculty members perform various tasks like, research and publication, as members of various committees to organize activities of the institution and administration roles.

In addition to evaluation by the students, self-appraisal, peer evaluation and evaluation by the superiors concerned help to enhance the effectiveness of the process. Peer evaluation not only helps the concerned individual but also brings in a synergetic effect in the institution. Self-appraisal aids in objectively looking at "where they have excelled and where they lagged".

At MOP Vaishnav College, the practice of using all these four categories of assessments exist.

The faculty’s research, publications and general attitude are evaluated by her immediate boss—the head of the Department. Peer evaluations are carried out in the department and also in the
committees on which she has worked during the period. In addition each lecturer fills up a Self Appraisal form that deals with the same issues. The results from the self-appraisal forms are tallied with data from other forms. The results are used in decision making regarding faculty development, placing them in leadership roles through rotation of Dept Heads' positions, and Deans' positions, and providing opportunities to work in significant projects.

A qualified full time psychological counselor also helps the faculty aiding in enhancing the faculty in her performance but also in improving quality of her work life.

**Conclusion:**

The system of assessing faculty by multiple sources and sharing this with the concerned person is getting institutionalized. This along with the process of clearly defining "Key Result Areas", and "competencies required" should ensure more objectivity in appraisal process leading to overall development of faculty and the institution. We are in the process of experimenting, learning and constantly improving the process.

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