
UNIT 4 PERFORMANCE MANAGEMENT SYSTEM

Objectives

After going through this unit, you should be able to :

- 1 understand the concept of performance management system;
- 1 discuss the relationship between performance and profit, personality, motivation, etc.;
- 1 describe the functioning of performance management system; and
- 1 trace the recent developments in performance management.

Structure

- 4.1 Introduction
- 4.2 Performance Management
- 4.3 The Performance and Profit
- 4.4 Systems Theory and Human Performance
- 4.5 Historical Perspective of Behaviourism in Business and Industry
- 4.6 Behaviour, Performance and Management
- 4.7 Personality, Behaviour and Performance
- 4.8 Motivation, Behaviour and Performance
- 4.9 Seeking High Impact Areas for Improvement
- 4.10 Analysing Human Performance
- 4.11 The ABC's of Behaviour and Performance
- 4.12 Performance Management Centre
- 4.13 Major Methods and Movements to Increase Organisational Performance
- 4.14 Performance Management : A Global View Point
- 4.15 From Performance Appraisal to Performance Management : Recent Developments
- 4.16 Performance Management : From Systems
- 4.17 Summary
- 4.18 Self Assessment Questions
- 4.19 Further Readings

4.1 INTRODUCTION

Ask any managers in the modern times what the primary assets of his/her organization the answer will be (in most cases) "people". Gone are the days when an employee checked his brains at the door and entered the premises. We must recognize that the tacit (unarticulated) dimensions of knowledge in person's head may be as vital to achieving organization goals as are the explicit, codified forms of knowledge that have been built up over the time.

Today's manager is faced with a problem of increased magnitude – how best to utilize the resources available in the organization and it is well established now that the human element is the largest single controller variable what this suggests is that if an organization is to maintain or improve its overall performance it must improve the performance of the individuals within the organization. Hence it is of utmost importance that for managing and improving performance one must have:

- 1) the ability to identify the variables that affect performance;
- 2) the ability to predict the changes that will result if variables are changed;
- 3) the ability to change the variables; and
- 4) the ability to repeat or duplicate the changes.

So much is changing in the way we do business, the capacity to adapt and to shift our thinking is critical. The challenge is to transform institution tht have been hand wired for consistency, control and predictability into culture where learning, surprise and discovery are truly valued.

4.2 PERFORMANCE MANAGEMENT

Performance management is the process of creating a work environment of setting in which people are enabled to perform to the best of their abilities. Performance management system that beging when a job is defined as needed. It ends when an employee leaves your organization. Many writers and consultants are using the term “performance management” as substitution for the traditional appraisal system. I encourage you to think of the term in theis broader work system context. A performance management system included the following actions.

- 1 Develop clear job descriptions.
- 1 Select appropriate people with an appropriate selection process.
- 1 Negotiate requirements and accomplishments performance standards, outcomes, and measures.
- 1 Provide effectiveness orientation, education, and training.
- 1 Provide ongoing coaching and feedback.
- 1 Design effective compensation and recognition systems that reward people for their contributions.
- 1 Provide promotional/career development opportunities for staff.
- 1 Assist with exit interviews to understand WHY valued employees leave the organization.

Most of the traditional strategies for creating a learning organization have evolved extracurricular activities. We conduct training events, special programmers and meetings about creating a learning culture. One side effect of these special efforts is that they reinforce the limiting belief that learning and doing are separate and competing activities. We struggle with the tension between how much learning can we afford before it starts interfering with producing. We worry about the “transfer” of learning” how to take the learning and bring it “back” into workplace. Thus we keep on creating isolated cultural islands and are lost when the connectivity to the mainland is required. Worldwide business is entering a phase of diminishing returns from automation and further technological improvements. Although improvements in these areas will continue and continue to affect productivity, real gains in productivity must come from changes in human behavior. There are no shortages of ideas on how to improve human behaviour. There are no shortages of ideas on how to improve human behaviour. If anything, manages are over burdened by such ideas, suggestions and

theories. But the fundamental questions are, what is possible in the workplace? Can we have good performance, high enjoyment, and high learning at the same time? This raises a deeper question of what is the purpose of work. Is the purpose of work to deliver institutional outcomes – greater profit, higher service levels, market dominations?

The economist, the financial community, and the business press would have a simple answer to this question: show me the money. For most people though, the question of purpose is more complex. They accept the need for economic success, but there is more to work than meets the wallet. People care about the workplace culture, its relationships, the opportunity to fulfill their potential and the chance to learn and improve their skills. We often treat this as a tension between management and employees, but that is not the real issue. It is an individual, internal struggle (see Box 1). We are constantly torn between getting results and living a process.

Box 1

Performance : Efficiency and Effectiveness

Every organization has work to do in the real world and some way of measuring how well that work is done. The responsibility of a manager is to see that the work gets done as efficiently and effectively as possible, whether it consists of producing goods, winning game teaching pupils, preventing crimes, defending a frontier, making scientific discoveries, staging an entertainment or any of the myriad other tasks that organizations undertake. The devices that measure efficiency and effectiveness are as diverse as the tasks themselves, but are inescapable from the manager's standpoint; he must ordinarily accept the conventional yardsticks, whatever they are. If the organization is a retail store, he cannot decide to disregard profitability; if it is a professional baseball team, he cannot replace the number of games won and lost with some other measure of performance more to his liking. He can, and often will introduce additional measures of performance to move the organizational program in one direction or another but these are not likely to have much effect unless the conventional yard stick are satisfied at the same time.

The conventional yardsticks of performance cover both efficiency and effectiveness. An organization is efficient if, compared to similar organizations, its output is relatively high in relation to its input. It is effective if it achieves its intended goals. An organization may be highly effective without being especially efficient. Some victorious armies have been very wasteful. An organization may also be very efficient without being effective. Some declining businesses are models of operating efficiency. Efficiency and effectiveness are closely related but they are not interchangeable.

Although efficiency and effectiveness are both important, effectiveness is more important. In the numerous situation that require a choice between them., it is generally advisable to make some sacrifice of efficiency for the sake of higher effectiveness, provided that the organization's survival is not thereby jeopardized. Most good managers grasp this principle intuitively, but it is helpful, even for them, to understand the reasons for it.

Today's organizations face a performance crisis. The declining performance of both private sector organizations is of increasing concern to managers, economists, and politicians – to all of us who are interested in human performance and productivity in the work setting.

“Productivity,” or “human performance improvement,” means different things to different people. To workers, productivity means speed-up in their work patterns. To union leaders, it means the opportunity to negotiate for higher wages. To management,

it means increased profitability; to consumers, it means better goods at lower cost; to marketing directors, productivity improvement increases the firm's competitiveness abroad by reducing the cost of its goods sold in foreign markets; and to economist, it means an increase in our country's standard of living tied to gains in output per man-hour. No matter who is affected when we speak of productivity or human performance improvement.

In the long haul, economic growth can come from only two sources: (1) increased numbers of people in the labor force and (2) increases in what this labor force can produce. Unless labor productivity increases, the economy cannot provide a rising standard of living for everyone. Importantly, an increase in population unaccompanied by increased productivity could well reduce everyone's income.

Within the major industrialized nations, it is unlikely that any significant gains in productivity will arise from increased population. With average family size diminishing, the population of the industrial nations will at best increase slightly, probably hold about steady, and perhaps even diminish slightly. Increases in productivity then will have to result from increases in what the labor force produces in goods and services.

In examining where increases can be made in goods and services, it is necessary to turn from a macro to a micro view. Here we also find significant problems in human productivity. Consider, for example, the following:

- 1 Worker productivity is low and among the measures cited by the report are absenteeism, turnover, wildcat strikes, sabotage, poor quality product, and reluctance by workers to commit themselves to their work tasks.
- 1 Absenteeism and tardiness are problems of increasing magnitude in today's organization. Absenteeism alone, for example is estimated to cost American industry in excess of \$ 9 billion a year.
- 1 Increasing number of white-collar workers have performance problems that make a significant impact on company performance. Many management experts, for example, say the real energy crisis is not in the utility plants, but in the ranks of supervisors and middle management.

This micro level of productivity should be of most concern to today's manager because he faces it daily; it affects his organization's performance; and it determines his success on the job. However, economists and government leaders should also be concerned with the micro level of productivity for they make up the macro level, which is usually measured by the output per man-hour produces.

Improvement at the micro level can come from two sources: (1) technical changes such as higher dollar investment per worker in capital goods and technological improvements in capital goods or (2) changing human behaviour in organizations. Whereas increased mechanization technological change, and increased investment per worker in capital goods can all contribute to improved productivity, it is with changes in human behaviour that the greatest payoffs exist. Between 70 per cent and 80 per cent of the gross national product (GNP) is paid out in some form of worker compensation; for the purpose of this discussion, let us say 75 per cent. That means if we purchase a new car for \$8000, \$6000 of the purchase price goes for salary or some sort of worker compensation rather than to the cost of raw materials.

Worldwide business is entering a phase of diminishing returns from automation and further technological improvements. Although improvements in these areas will continue and will continue to affect productivity, real gains in productivity must come from changes in human behavior. There are no shortages of ideas on how to improve human behavior. If anything, managers are overburdened by such ideas, suggestions and theories. What manager's lack is a science, a technology, or a system to improve human behavior.

Techniques for changing human behavior exist not only in theory but also in practice; these techniques have paid off on the bottom line time and time again. Today there is only one excuse for enduring low productivity due to improper human behaviour when the cost of obtaining the desired behavior is not worth the benefits.

Joseph Schumpeter said that innovation is the only basis for survival. It is the same with the development of techniques that change human behavior and improve human performance on the job. This book focuses on innovative techniques for changing human behaviour.

To understand where we are today, it is helpful to take a short trip backward to see where we have been-not to dig up artifacts regarding human performance, but to gain perspective on the situation today. Improving human performance in organization by definition includes something we call “work” . Barry Ponsler, W. Alan Randolph, and Max S. Wortman, Jr., have provided some interesting observations on the role of work in society. They suggest that there are nine different stages that indicate the evolution of the role of work in different stages that indicate the evolution of the role of work in different societies:

- 1) Primitive culture makes little distinction between work time and free time and free time. In fact, many languages of primitive peoples used the same word for “work” and “play.” The majority of these peoples time was spent providing for basic needs.
- 2) Ancient civilizations – Egyptians, Greeks, Romans, and Incas – believed work to be a curse. Work was regarded as manual labor to be performed by slaves. Individuals fortunate enough not to be slaves were expected to study the sciences, liberal arts, and physical culture. Distinctions between work and non-work activities began to emerge during these ancient civilizations.
- 3) Early Christianity places a position value on work not only as a means of gaining wealth (to share with the poor), but also as a way of avoiding idleness, which was taught to be responsible for evil thoughts. The early Christians directed their energies toward the organization of the church and viewed this direction of energies as an instrument of purification and attainment.
- 4) Medieval Christianity (primarily in the form of Roman Catholicism) suggested that work was good because it was painful, humiliating, and a remedy for temptations of the flesh. As long as work conformed to the plan organized by God, it became the duty of all. However, work was given a moral goal (charity, for instance) because the church could not allow work to become an end in itself.
- 5) The revolution that accompanied the Reformation of the sixteenth century, on the other hand, gave work an intrinsic value. Martin Luther maintained that work was the base of society and made no distinction between religious work and other types of work as long as they both were done in obedience to God. Work was regarded no longer as only punishment for sins, but, more importantly, as a God-given opportunity for people to be creative and established a new way of life.
- 6) The economic order brought about by industrial revolution was accompanied by an almost insatiable demand for workers. There was a dramatic increase in the number of legitimate callings, or occupations. Accumulation of the benefits of one’s work became a measure not only of a person’s piety, but also a mark of cleverness, skill and creativity.
- 7) Twentieth- century further separated the concept of work from religious doctrine and accorded work special status. The importance of work was dramatized during the development of the labor movement. During the days of the development of the labor movement. During the days of the Great Depression, “having a job” became a major obsession. It was generally felt that the work an individual did not only contributed to his fellow beings but made one a better person simply by virtue of working.

4.3 THE PERFORMANCE AND PROFIT

Today, that work ethic has, for the most part, disappeared. Employees come in late or not at all. Rework and scrap rates go up at the same time output decreased. Yet, “profits” underline the very basis of our economic social systems. The decrease in performance has led to a decrease in profits. Curiously enough, this decline in profits has come at a time when increasing numbers of people are complaining that corporations are “ripping off” the public with “excessive profits.” Major opinion polls in recent years have shown the individual estimated the average manufacturing profits of firms at an excess of 30 per cent of sales, when actually these figures are close to 5 per cent (people question not only work, but also the value of working). More importantly, they question the whole economic system under which work is performed. Capitalism, in whatever form, is requested and attacked from all sides. “Profits” has become a four-letter word. It is no wonder that confusion exists as to the amount of profits earned by individuals and firms. Basically, confusion exists as to just what profits are. As can be seen in Figure 1 profit is simply the excess of output over input. They are the value added by the process in which the organization is engaged. Whereas we commonly think of profit as dollars, in the true economic sense of the word, profit is the valued added to the material and time that goes into the organization process. Profit has been expressed in such diverse ways as bushels of corn per acre, barrels of oil pumped, or tons of coal mined.

Although the word “profit” has generally been reserved for business organizations in the private sector, it might well be argued that public sector organizations – colleges, governments, and hospitals – may show a profit just s business organizations do.

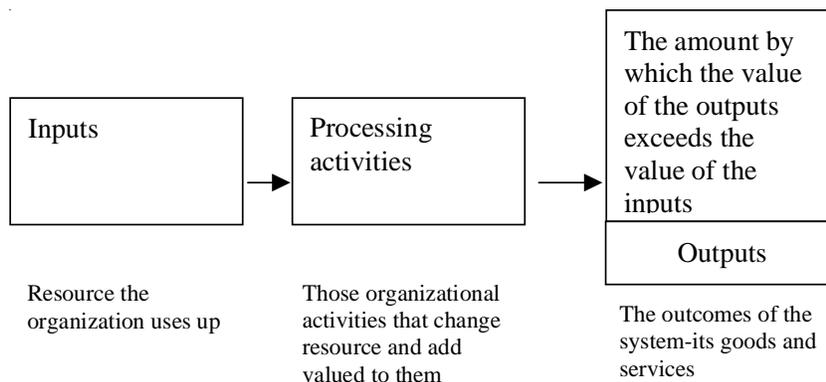


Figure 1. Excess value of outputs over inputs

Business profits show up on the organization’s bottom line as earning per share, but “profit” in the form of improved patient care as well as reduced costs; a government until shows a “profit” in the form of improved services or increased operating efficiency.

With profit making at the heart of economic system and human performance a key determinant of profit, three possible changes could be make to solve our current performance crisis:

- 1) We could change our economy to some other system that might improve human performance and thus profits. In theory, this might appear laudable. In practice, however, it does not seem to work well. History shows us many attempt to form economic systems in which all members share equally. Few of these systems in which all members share equally. Few of these systems survive for any length of time.

The Bolsheviks in Russia at the outset proposed a society in which all men were paid equally for their work and factory output was directed by workers. Profits

from plants were distributed by the state in support of long-term objectives. By 1921, however, productivity had dropped to the point where a new economic policy was needed desperately. Pay different were once gain adopted and managers were installed in plants to direct the efforts of workers. Lenin explained that this new policy was “urgently necessary to increase labor productivity, to abolish deficits, and to assure profitability in every factory.” It is clear that the Communists used the profits accrued to the state and not to the individual.

- 2) A second alternative solution to the current performance crisis is to remove legislative and collective bargaining barriers to improve human performance. Such barriers, according to one trade magazine, include the prohibition of labor-saving machines and devices; the requirement of unnecessary work or of duplication of work and of excessive non productivity periods or downtime; the limitation of employee workload that restricts the number of machines a worker can operate; the requiring of unneeded workers; the restriction of duties of workers. This is a good alternative and one that is needed, but agreement on the and its implementation is a long way away and anticipated results are still further away.
- 3) A third alternative is simply to change those human behaviors that will lead to improved performance. Techniques exist that do change employee behavior both dramatically and permanently.

4.4 SYSTEMS THEORY AND HUMAN PERFORMANCE

Most businesses at the beginning of the twentieth century were relatively small. Their operations were simple, even simplistic, by today’s standards. As a result, little or not thought was given to something we could call management, let alone a system of management. The closest these businesses came to a system was the owner-manger making a mistake, correcting it, and vowing never to make it again. Experience was the best teacher. Although there are no dates to support this assumption, it is safe to say that experience was often a harsh teacher. At any rate, the business organization at that time was usually a few employees supervised by the owner-manager (who was also usually performing many of the technical tasks himself); the company had few products, few transactions and not a very large dollar volume.

Following the period of the owner-manager type of organization came an era when the economy was built upon mass production/mass consumption. Different operations within an organization were broken down so simply that novices could learn a job with little or no effort. Specialization, division of labor, and emphasis upon high-speed machines required vast new pools of manpower from which to draw.

Typically, the work force was organized so that workers were shown a job. If they could not do it, they were fired and quickly replaced. Little, if any, need for supervisor-management training existed. The fastest worker usually became the supervisor, and that worker’s job was to set the pace forcing other workers to keep up. Tight discipline, close controls and constant pressures were the management tools of the day. Attention given to a total performance system was not only considered wasteful, but also an interference with the task of the day – namely, getting the product out the back door.

One of the first people to generate interest in management systems was Frederick W. Taylor. His interest in the field evolved from his observations of laborers. He noted they use the same standardizes shovel size to work with no mater what type of material they were carrying. What he developed as a result was a method of work improvement and greatly increased productivity. With success under his belt, he was

prompted to investigate whether his methods might not be applied by supervisors in a variety of work settings.

Several things resulted. First, his experiments gave rise to intensified interest and increasing efficiency of workers. Industrial engineering, for example, is a direct result of Taylor's work. Second, these studies prompted people to begin to look at the practice of management itself and to recognize that a manager's activity is distinct from the activity of subordinate workers. Third, these studies led to further developments in the examination of organization from a systems point of view.

During the 1950s and 1960s, however, people began to look at organization and management systems from a different point of view: the human point of view of the behavioral scientists invaded mahogany row as organization began looking for methods of improving worker productivity. The human relations movement was under way. It grew quickly, gaining momentum daily. The most significant aspect of this movement was its focus on managerial interest in people, not things. Before, emphasis had been almost exclusively on things – machines, assembly lines, tool, production's and other hard technologies. By the mid-1950s, and increased interest in people had become especially noticeable. Managers found they could determine rather accurately how an applicant might do on the job. Psychologists conducted motivational studies. Lectures on what makes people tick were increasingly popular, as were management development programs. Sociologists studied small group behavior; cultural anthropologists observed social variables in corporations (and found some similarities to primitive tribal rites). The age of the behavioral scientists was upon us and the manager put their findings into practice.

One behavioral psychologist utilized a general systems model to analyze human performance problems in organizations. This model is a particularly useful tool for analyzing and solving these problems.

A systems model can help us understand human behavior in the organizational context and predict what will happen when a change is made in one of the elements of the model; herein lies its usefulness. If a model is too complicated for practical application or not helpful in analyzing and solving human performance problems, then it is not useful. However, our model is representative of relationships in a system; and we will use it to examine these relationships.

People examine organizations from different points of view. An industrial engineer taking a group tour through a manufacturing plant looks at manufacturing systems, machine timing, line delays, and things that others in the group might not see. An accountant, by contrast, looks for steps and procedures that ensure material was being used as required, job tickets were being turned in, time was being accounted for properly, and that rework costs were charged back to the originating department. The behavioral scientist studies people and work groups, how they interact with one another, and other elements that indicate problems in the human side of the organization. A recent college graduate from an industrial relations program sees things that a veteran worker in the plant does not, and vice versa. On return from the plant tour, in listening to a description of what the others saw, each tour member would no doubt be amazed at how much he or she had missed. If we made a list of what each saw and reported, we would have a fairly complete description of plant operations. The systems approach, in effect, enables us to do this. It is a method of providing us information on the interaction of various elements of the organizational system. In using one systems approach, we can review the organization as a whole or we can examine in detail any particular part of it, such as a department or an operation.

Most systems take something from their environment, change it, and then release the changed product or service into the environment again. For purpose of discussion, let

us call what is taken into the system and “input” and what is released from the system works and outputs are the products of that system. The raw materials, or inputs, can be changed in many ways. They can be changed in form, as iron ore in steel, or they can be changed in location, as moving potatoes from farm to market. Inputs can also be changed by adding to or subtracting from them, for example, by adding chocolate to milk or by separating wheat from this change takes, let us call the change in input a “process”.

At the simplest level, a system consists of inputs, process, and outputs (Figure 2)

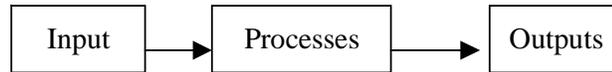


Figure 2: The Simplest System

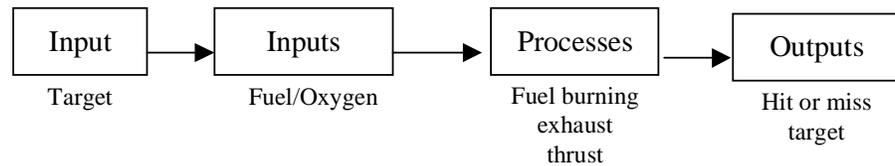


Figure 3: A System with Goals

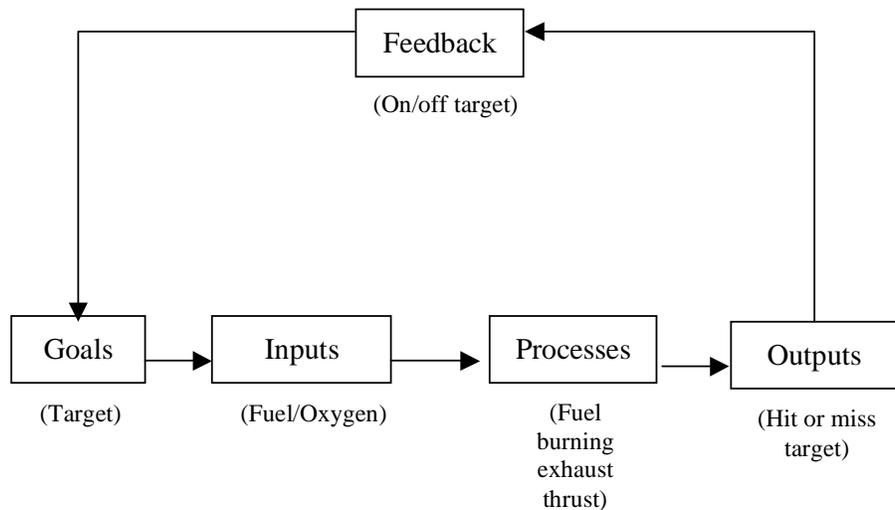


Figure 4: A Guided System with Feedback

A somewhat more complex system is one in which we can establish goals before inputs are released, for example, a ballistic system. A rocket is a ballistic system. By present standards, a rocket is a crude mechanism. Armed with a warhead, it moves from its launching pad towards its ultimate target trusted by power engines. Once it leaves its launching pad, however, all human control over flight direction is lost.

Another system form is the guided system (see Figure 4). It is a more sophisticated version of a rocket, for it not only has goals, inputs, processes, and outputs, but it also can change direction and alter its course. The key element that distinguishes a guided system from an unguided system is its feedback mechanism, which provides directional control over it even after launching. This feedback mechanism is continually checking actual life against the flight plan. Once off course, the necessary calculations can be made that put the missile back on course. This is done by comparing the missile’s output (its direction) with criteria for what output should be at that point. If the missile is on course, it proceeds as is; if it is off course, alternations

are made in amounts of resources used (oxygen, fuel) and the processes (fuel burnings). The result is a direction more closely aligned with the goal – which has remained unchanged.

General systems theory suggests that the most useful model for examining organizations from a systems point of view is a living or adaptive system. Living systems must be capable of adapting to their environment as well as influencing their environment. Likewise with organizations; if organizations are not adaptive, then they die out like the brontosaurus, a dinosaur that became extinct because it was unable to adapt to change in its environment.

A more useful kind of system in the organizational settings is the guided system. The guided system has a built-in method for evaluating output and feeding back that evaluation so that inputs and outputs are connected. The guided missile and the thermostat are guided systems. Both have a built-in system that regulates performance and corrects course. But they still suffer the disadvantage of not being able to change their goals or seek new targets.

4.5 HISTORICAL PERSPECTIVE OF BEHAVIORISM IN BUSINESS AND INDUSTRY

The early applications of behavioral technology in business and industry began in the early 1960s. The pioneering applications occurred at the University of Michigan at what was then called the Bureau of Management Education. Previously, behavioral technology had been applied in both the school setting and the clinical setting but not in the business setting. The transition from the school and clinical environments to the business environment had not yet been made on any meaningful scale.

An early transition into the business environment occurred through the use of programmed instruction in a form of self-paced and individualized construction. Participations in programmed learning workshops studied how to write programmed materials for use in their own organization.

For a short period of time, the employee performs at the new, higher level of skill. Within a relatively short time, however, the employee begins to regress. Newly acquired skills fall by the wayside and lie dormant. Within a relatively short time, however, the employee begins to regress. Newly acquired skills fall by the wayside and lie dormant. Within a relatively short time, the employee has regressed from the post-training skills level to the pertaining skill level.

The failure of well-designed training programs to change employee behaviour substantially on the job for any extended period of time has been termed by Geary Rummler of Praxis Corporation as the “can do, will do” concept. After the training, employees can perform correctly but do not simply because the job environment does not support their newly acquired skills. Staff members of the University of Michigan began to concern themselves with this phenomenon. They began examining the application of behavioral technology to ensure that newly acquired skills were supported on the job.

This change in emphasis led to a shift from merely the development of self-instruction materials to an analysis of why performance does or does not occur in the job situation. Those involved in the analysis found an interesting thing: many training problems could be solved by non-training solutions merely by a simple change in the job situation. So emphasis in the application of behavioral technology moved from the design of training programs to the analysis of why training programmes did not take place and why skills developed in the programs were not used in the job situation to the full application of behavioral technology to change employee performance on the job.

Concerned with this phenomenon, Dr. Karen Brethower, a fellow staff member at the University of Michigan during the 1960s and a pioneer in the application of behavioral technology in business and industry, has suggested that the use of behavioral technology in organizations is particularly relevant in these three primary ways:

- 1) In defining the specific response or behaviour you want.
- 2) In building an environment conducive to that response.
- 3) In providing consequences congruent with what we stated we want.

With these points in mind, staff members at Michigan began to build a technology of changing employee behavior that has proven itself in bottom line payoffs in all types of organizations.

4.6 BEHAVIOUR, PERFORMANCE AND MANAGEMENT

What is Behaviour?

Behaviour is an activity that can be seen, measure, or described. Writing this book was a behavior on my part. Reading the book is a behaviour on your part. If after reading it you return to your job situation and apply some of the principles, techniques, and concepts described in the book, your job, behaviour will change; that is, you will do certain things differently after reading the unit. If the unit has its intended effect, those job behaviours that are different in the future will improve the performance of people who report to you, as well as those who work around you.

One of the problems in examining employee's behaviour is that the term "behaviour" generally connotes that a certain behaviour is "bad". It is difficult to tell exactly why this happened because the behaviorist does not use the connotation except as job behaviours affect employee performance. Here are a list of behaviours that would presumably be "good" on a job" filling out a sales slip correctly, making calls, thanking a customer, using the customer's name in answering the phone, smiling, submitting reports on time, placing parts in the right bin, and coming to work on time. Each of these behaviors is "good" in the sense that it presumably leads to some desired result and improves the overall job performances of the employee. Moreover, carried one step further, these behaviours should contribute significantly to overall organizational results.

On the other hand, here are some behaviours that are "bad": spilling ashes on the floor, shouting at a customer, not submitting expense reports, coming to work late or not at all, producing excessive numbers of poor parts, and filling out a sales slip improperly. Each of these behaviours detracts from employee performance and reduces overall organizational performance.

Behaviour becomes "good" and "bad" only when we can attach some value to it. The behaviorist attaches this value in looking at then organizational results and examining which behaviors will accomplish these end results.

The question "What can we do to change an employee behaviour?" often brings an averse reaction from managers. Yet the question must be asked, for only when we ask it then answer it can we significantly contribute to positive organization results. Although the idea of managing behavior change is an anathema to many managers, they engage in this technique every day whether they are aware of it or not. They engage in the techniques of managing behaviour change not only with their staff members, but also with many, if not most, individuals with whom they come in contact every day.

The thought of modifying behaviour deliberately and systematically appears to many to smack of manipulation and control, or it seems to be degrading to the individual whose behavior is being changed. Management is often described as the business of getting things done through other people. Some describe it as making things happen. No matter how we look at it, management is getting other people to do the things that have to be done. It is clearly a practice that implies we are going to have to manage other people's behaviour. The effective manager is one who is able to manage other individuals' behaviors, ensuring that the behaviour change takes place.

In today's changing economic and sociopolitical environment, a variety of people must perform the task of managing other individuals' behaviour. Let's take a look at a sales manager, for instance (Figure 5). This sales manager has five sales representatives (rep.) reporting to him. If we ask him what kind of tasks he undertakes in

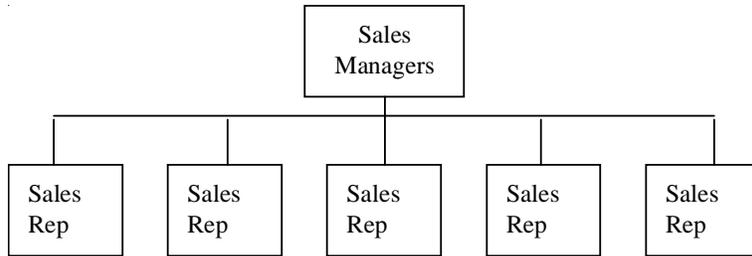


Figure 5. Traditional view of sales manager's management function

relationship to his sales force, it will be clear that he manages their behaviors. He tries, for instance, to get them to close a higher percentage of calls, to make more calls, to increase sales of high-margin items, to increase the penetration of new products, and to submit their calls and expense reports on time.

If we look at the sales manager from another point of view (see Figure 6), we see that he must interact with other departments and other organizations. He must interact with engineering departments, manufacturing departments, credit and collection departments, and advertising agencies. In these interactions, he manages the behaviour of others. Although he does not manage them in the traditional sense of the word (that is, having them report to him on a direct organizational basis), he nevertheless "manages" them by enlisting their aid in projects, getting them to commit themselves to certain things, and making sure they follow through on these commitments. Importantly, he manages them by persuading them to engage in behaviors that are supportive of his sales effort and to desist from behaviors that are counterproductive to his sales efforts.

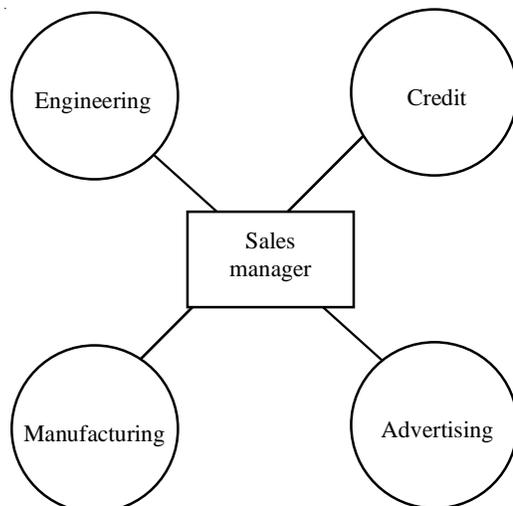


Figure 6. Behavioural interaction view of sales manager's function

(Managing the behaviors of people in other departments and organizations is often a more complex task than managing behaviour change among one's own staff). This manager has more sanctions to impose on those employees who report directly to him than on individuals who do not report directly to him. More and more in today's rapidly changing organizational world, it is the individual who is effective in both types of situation (managing individuals who report directly to him as well as those who do not) that is the best leader or manager.

The effective manager is someone who is able to change positively the behaviour of those who come in contact with him or her so that they are supportive of both the task that must be accomplished and his or her objectives. Good leaders and motivators are individuals who through a variety of techniques are able to get their staff to engage in those behaviors they consider necessary to achieve their goals. Managers who deliberately set out to change employee behaviour and admit this are much farther ahead of their colleagues who motivate employees to "change their attitudes" or "affect their personalities."

4.7 PERSONALITY, BEHAVIOUR AND PERFORMANCE

"Ramesh has a lousy personality," we hear a manager complain. "What we need to do is get Ramesh to change his personality. "What," we might ask, "needs to be changed in Ramesh's personality?" "Well," the reply comes back, "Ramesh is too aggressive and what we have to do is make him not so aggressive. He does it haphazardly, not knowing exactly what "aggressiveness" is, but knowing he doesn't like Ramesh to show this trait. He counsels Ramesh and tells him to be less aggressive. He does it haphazardly, not knowing exactly what "aggressiveness" is, but knowing he doesn't like Ramesh to show this trait. He counsels Ramesh and tells him to be less aggressive on his sales calls so that he does not antagonize customers. Ramesh, reacting to his non behavior-means, overeats and not only is less aggressive, but finally gets to the point where he must force himself to muster up courage to knock on somebody's door when making his next call.

The behaviourist approaches the situation with a different point of view. If a manager were to say to be behavioral technologist, "We have to do something about Ramesh—he's too aggressive," the behaviorist first asks, "What does Ramesh do that leads you to conclude he is aggressive?" "Well," the answer comes back, "I guess there are three things" first, he puts his feet on customers' desk while he is talking; second, he barges into customers' offices without being invited; and third, Ramesh loves to smoke cigars. While cigar smoking is okay, it would be much better if he would not light up a victory cigar until after he has left the customers' office and if he would refrain from reaching across customers' desks to get the ashtray for his matches and ashes." "Aha," says the behaviorist, "There is something I can deal with. There are several specifics in Ramesh's behavior that we have to change. First, we have to change the behavior that's we have to change. First, we have to change the behavior of his not waiting to be invited into the office; and third, we have to change some of his cigar smoking behavior. Not all of it, but some of it."

We can see approaches in the two examples that on the surface might appear close to each other; in fact they are strikingly different. The non behaviorist's deals with general abstractions ("I don't like his aggressiveness"). The behaviorist deals with specific behaviors (cigar smoking, feet on the desk, etc.) that need to be changed to improve Ramesh's job effective than the traditional is that it deals with specifics. To the behaviorist personality is nothing more than a collection of behaviors. If we were to change Ramesh's three offensive sets of behaviors so that they were not counterproductive to his sales effort, the sales manager might

conclude that Ramesh had undergone a dramatic personality change. In fact, Ramesh's basic personality is probably unchanged, but he has shows substantial behaviour changes.

4.8 MOTIVATION, BEHAVIOUR AND PERFORMANCE

The same case can be made for the relationship between motivation and behaviour. Talk to enough managers about their staff performance and sooner or later you will run into a manager who says, "What I really need are some techniques to motivate my staff. They are not motivated enough."

This individual means that for some reason or other his or her staff is not performing adequately. If the individuals were motivated, they would perform up to the level of responsibility required by the job. If somebody's behaviour pattern conforms to our model expectations of that job, we tend to say he or she is motivated; if the behaviour pattern does not conform to our job expectations, we have a tendency to say that individual is poorly motivated. Behaviourists deal with the person who is seeking help with Ramesh's personality. For instance, take the manager who says, "I have a problem with my press operators, they are not motivated. I don't know exactly just what it is, but they just don't seem to want to work hard anymore. You know, people aren't motivated the way they used to be when I was young." "I can sympathize with that," says the behaviorist, probing further. "What kinds of things do they do on the job and what kinds of things don't they do on the job that leads you to conclude they are not motivated." "Well, take for example, Mary," says the manager. "Mary comes in late about three times a week and she is absent at least five days a month." "Aha," the behaviorist would say, "There is something with which we can deal. Rather than trying to motivate Mary, let's see what we can do about changing her job behaviour. Specifically, we have two job behaviours to change. First, we have to change the behaviors of not coming to work on time and second, we have to change the behaviour of not coming to work at all."

Manager's put themselves in a somewhat different position than most people when examining that job performance. They look for specific examples of behaviour that contribute to organizational results or absence of results and then determine the relationship between job behaviour and job performance. They are not concerned with changing a behavior that does not affect job performance. Manager makes a very important distinction between general abstraction ("they aren't motivated") and job behaviour ("she comes in late three times a week"). They don't deal with abstractions but with specific behaviour patterns. Moreover, behaviorist look for a relationship between a behaviour that needs to be changed and improvement or organizational performance.

Behavioural psychologists working in organizations looks at job-related behavior and try to increase the number and amount of behaviours that are helping move organizational performance in the right direction. They seek techniques of reducing or altogether eliminating those behaviours that are counterproductive to job performance. Table 6 illustrates the different relationships between general abstractions of non behaviours, specific behaviours, and the organisational results that are affected by those behaviours. Non-behaviorists deal primarily with items in Column 1. They make statements such as, "We need to improve attitude around here." Behaviourists, on the other hand, deal primarily with the second and third columns. They ask, "Profits need to be improved. What employee behaviours we are not now getting do we need to improve profits? What behaviours that we now get do we want to eliminate because they are counterproductive to profits?"

Table 4.1 Non Behaviours, Behaviours and Results

<i>Non-behaviours</i>	<i>Behaviours</i>	<i>Results of Behaviours</i>
Bad attitude	Filling out a sales slip correctly	Production Volume
Motivated	Making cold calls	Quality level
Friendly	Thanking a customer	Cost of rework
Courteous	Giving the customer's name	Scrap rates
Aggressiveness	Answering the phone	Director costs
Neat	Smiling	Indirect costs
Angry	Wearing a tie	Safely
Cheerful	Shouting at a customer	Housekeeping
Irritating	Saying "good morning"	Suggestions
Pleasant	Spilling ashes on the floor	Grievances
	Submitting reports on time	Schedule
	Placing parts in the right bin	Sales Volume
	Coming to work on time	Cost of sales
		Gross margin
		Mark ups
		Mark downs
		Reports
		Crew size
		Operating cost per unit
		Service request
		Salary cost per unit
		Overhead per unit
		Receiving and shipping cost per unit
		Turnover
		Complaints
		Cost savings
		Quotas
		Tardiness
		Absenteeism
		Turnaround time
		Number of vendor contacts
		Average order size

4.9 SEEKING HIGH-IMPACT AREAS FOR IMPROVEMENT

Most managers are well acquainted with Pareto's Law, formulated by Vilfredo Pareto. Pareto was an economist who observed that results and causes of results were not equally distributed. His findings are also known as the 20-80 principle, which suggests that

- 1 20 per cent of inventory items account for 80 per cent of inventory dollars.
- 1 20 per cent of all employees account for 80 per cent of scrap.
- 1 20 per cent of customers are responsible for 80 per cent of complaints.
- 1 20 per cent of the product line accounts for 80 per cent of gross margin dollars.

The ratio is not always 20-80, of course. It might be that 15 per cent of inventory items account for 82 per cent of inventory dollars, or 26 per cent of all employees account for 91 per cent of scrap. The 20-80 ratio is not always exact but its principle is valid. The principle is merely this: some vital few of something account for the majority of the results that are obtained.

Applying the 20-80 principle to employee behaviour suggests that 20 per cent of the job behaviors in which an employee engages account of 80 per cent of the results that the employee contributes to the organization (see Figure 7)

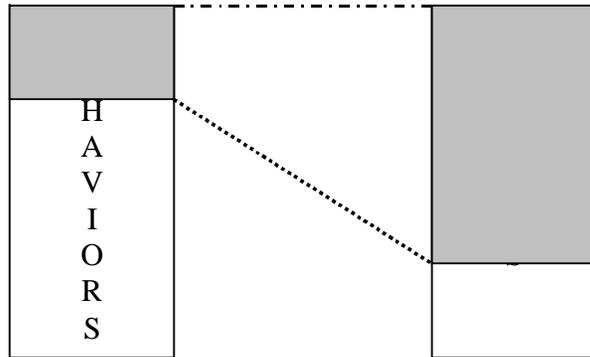


Figure 7. How behaviour change can affect results

The task of the behavioral technologist is twofold: first, to identify high-impact behaviors that contribute significantly to organizational results and then to take steps to ensure that those behaviours occur on the job; second, to identify behaviors that are counterproductive to results and take steps to see they do not occur as often or not at all.

Start such an analysis with the result of the job accomplishment. Only if there is a deficiency there does it make sense to back up a step and look at the behaviors that need changing. Sometimes very small changes in behaviour produce a very significant change in job performance. Let's consider, for example, two salesmen, Mr. Smart and Mr. Dumb. If we look at the results of their job performance, we find four areas in which they are expected to accomplish results:

- 1) Number of new accounts per month.
- 2) Rupees volume generated per year.
- 3) Average order size.
- 4) Percentage of market penetration in their territory.

You will get the picture of their performance.

4.10 ANALYSING HUMAN PERFORMANCE

The manager needs a scientific technology for dealing with human performance problems. The characteristic of such a technology include the following:

- 1) *Predictability*. We can say in advance what will occur if certain conditions are present in the job situation.
- 2) *Measurability*. We can not only predict what will happen but we can also measure change in operational results or changes in employee behaviour as the result of instituting change in the job.
- 3) *Understandability*. We know the cause-and-effect relationships between the behavioral events we are examining.

- 4) *Controllability*. We have the ability to change the conditions under which behaviour is taking place and to produce the outcomes we predict.”

4.11 THE ABC'S OF BEHAVIOUR AND PERFORMANCE

If we are to develop a technology for analyzing behaviors, there are some basic principles worth knowing about. In school we learn our ABC's; it is not oversimplifying matters to suggest that there are ABC's of behavior as well.

- 1) *Antecedent*. The antecedent is what happens before the behaviour occurs. It is a stimulus that provokes the behaviour and is often in the form of cues from the environment including, but not limited to, something that someone else says or does, the job routing cards, standards or objectives, notices on the employee bulletin board, machinery or equipment – any cues for employees suggesting they behave in certain manner.
- 2) *Behaviour*. This is something that the employee says or does on the job. It is usually an overt action such as filing a report, stamping a piece of paper, painting a part, coming to work on time-any one of a multitude of behaviors in which an employee engages in getting a job done.
- 3) *Consequence*. This is what happens after the employee behaves in a certain manner on the job. Consequences of behaviour include bonuses, overtime pay, reprimands for excessive scrap, compliments for high-quality work, derision or compliments from fellow employees, or even attending a sales meeting in Honolulu.

From the basic model (see Figure. 8) it is possible to analyze most human behaviour. It is interesting to note the relationship between, antecedent, and consequence. For instance, examination of the antecedent can tell us a great deal about whether that behaviour will occur at all. It does not, however, tell us much about whether that behaviour will occur again.

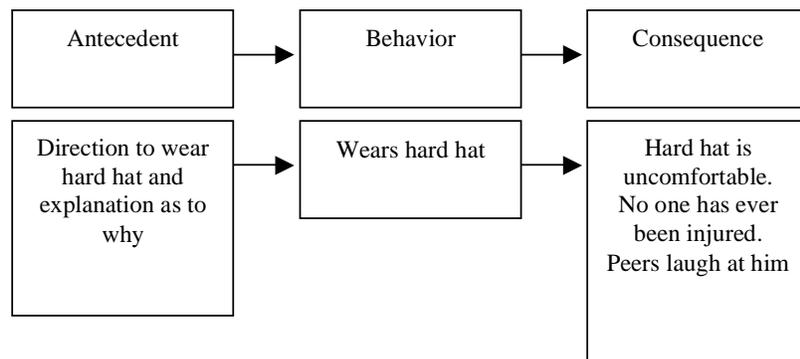


Figure 8. Basic model of behavior

Antecedent

- 1) Does the employee know what is expected?
Are the standards clear?
Have they been communicated?
Are the realistic?

Behaviour

- 2) Can the behavior be performed?
Could the employee do it if his or her life depends upon it?
Does something prevent its occurrence?

Consequence

- 3) Are the consequences weighted in favor of performance?
- 4) Is there feedback about the consequences in relation to job performance?
If yes, is the feedback immediate, specific, positive?
- 5) Are improvements being reinforced?
Do we note improvements even though the improvement may still leave the employee below company standards?
Is reinforcement specific?

Box-2

<p>We need to do these</p> <ol style="list-style-type: none"> 1 Specifying the needed behaviors to accomplish the job. 1 Settings the standards of performance related to those behaviors. 1 Seeking that the cues (antecedents) for the job behaviour are clear. 1 Seeking that nothing interferes with the task being performed so that the relationship between the antecedent and the behaviour is not broken. 1 Arranging some positive feedback as a consequence for the correct behaviour. 1 Seeking that his necessary feedback is imparted to the employee. 1 Reinforcing improvements in employee performance.

Within the context of the elements discussed so far, we can construct the model shown in Box 3. This model encompasses the basic concept of antecedent-behaviour – consequence examined earlier (those parts of the model that are related in the first seven steps) and combines it with what we will examining in the remaining chapters of the book (steps 8 through 13). Let’s briefly run an example through the model so that we can see how it might work in a job situation (see Box 3).

Box 3

<p>Performance analysis model</p> <ol style="list-style-type: none"> 1. Identify a potential performance improvement area 2. Identify present performance level 3. Define desired performance level 4. Determine value of the performance improvement 5. Identify performance-related behaviour

6. measure performance-related behaviour
7. Analyze causes of behaviour deficiency
8. Develop plan to change behaviour
9. Pilot in one area
10. Implement entire plan
11. Measure behaviour change and performance improvement
12. Problem solved? Yes
13. Maintain behaviour

Step 1 is to identify a potential performance improvement area. Maybe it is in quality control, manufacturing, warehousing, expense, cost containment, sales, or invoicing. Single out an area. Let's use quality control as our target area and let the project expand from there. Step 2 is to identify the present performance level in this area. We will have to establish certain specific measurement of performance and identify the present performance level for each of these. They may include, for instance, rejects reworks, and scrap. Incidentally, the curious thing about pinpointing present performance level in my experience in working with wholesalers, retailers, manufacturers, financial institutions, and a variety of other organizations is that the present performance level is never exactly what we think it is.

An important thing to remember is the application of this technology is that it is not enough to accept the performance level you get from reports as the basis for developing your behaviour-change program. Investigate beyond the reports.

4.12 PERFORMANCE MANAGEMENT CENTRE

How to Create a Performance Management Process in Your Organization

Managing employee's performance starts before a new person walks through your door. Your applicants and candidates form opinions of your organization – for better and for worse – all through the application and interview process. People who apply to your company and never receive a response form an opinion about you, as an employer. This public relations experience can color the interaction the ignored applicant has with many other people about your organization.

Need one stress more the importance of your first interactions – or lack thereof – with potential employees? Not when the goal is to hire and keep the best people. With the best people, you can develop and manage their performance to focus their critical contribution on accomplishing your purpose.

Your manage employee performance from the person's first day on the job. A functioning work station, a prepared, positive orientation experience, initial job expectations and a training plan have lasting impact on the employee's attitude about performance.

Clarity about goals and direction, frequent feedback, the chance to grow and develop skills create what the Gallup organization calls an "engaged" employee, and the "engaged" employee is hard to find in organizations these days. Gallup research indicates, "70% of U.S. employees are not engaged at work, as measured by the Q12, Gallup's 12-question survey of employee engagement.

- 1 What is performance management?
- 1 Performance Development Process Checklist
- 1 Use Performance Management to Help People Succeed and Improve
- 1 Performance Management Instead of Layoffs.
- 1 Performance Consulting Measurement, and Improvement, and Improvements Books.
- 1 Toss Out your Dusty, Old Appraisal System: Best Performance Management Books

Figure 9 A: Performance Management Managing Performance

- 1 You Get What You Request and Reward
- 1 Coaching for Improved Performance
- 1 How to Provide Feedback That has an impact
- 1 Receive Feedback with Grace and Dignity
- 1 The Awesome Power of goal Setting - Ten Tips
- 1 Why an Effective Job Description Makes Good Business Sense
- 1 Counseling / Work Coaching

**Figure 9 B: Performance Management: Communication
Performance Expectation**

- 1 Performance Appraisals Don't Work
- 1 Performance Management is NOT an Annual Appraisal
- 1 Address Performance Issues Before It's Too Late
- 1 Take Those Numeric Ratings and.....
- 1 Progressive Discipline

Figure 9 C: Performance Management: Performance Appraisal

“And ironically, the solutions currently being installed within many organizations - such, as competency based selection, competency-based manager performance appraisal, competency-based manager development, and gap-driven training needs analysis, all feeding into an integrated performance management IT platform-only seem to be making matters worse. “In surveys of 700,000 people, Gallup found that the longer people stay with an organization, the less engaged they become (Figure 9 A,B,C).

So, what's an organization to do to manage performance and keep employees engaged? Gallup's research suggests that you need to hire people who have the talents, skills, behavioral characteristics and drive that you need because “a person's talents do not change much after he is hired, and that a person will improve the most in his areas of greatest talent.” Gallup suggests these two criteria “serve as the blueprint for a new kind of organization. It will be an organization that selects for talent, holds people accountable for performance outcomes, challenges people to reach these outcomes by capitalizing on their greatest talents, and uproots the Peter Principle by offering people a way to build their careers by building on their greatest talents.

Based on their research, the Gallup organization suggests there are four disciplines necessary for effective performance management.

- 1 “Hold all employees accountable for their local performance outcomes.
- 1 Teach all employees to identify, deploy, and develop their strengths.

1 Align all performance appraisal and review systems around identifying, deploying, and developing employee strengths.

1 Design and build each role to create world-class performers in the role.”

Simply put, performance management includes activities to ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on performance of the organization, a department; process to build a product or service, employees, topic will give you some sense of the overall activities involved in organizational performance management. Then you might enhance your understanding by reviewing closely related library topics.

4.13 MAJOR METHODS AND MOVEMENTS TO INCREASE ORGANISATIONAL PERFORMANCE

Major Methods and Movements

There are numerous, major methods and movements to increase organizational performance. The following can be organizational improvement programs, depending on how they're used.

- 1 Balanced Scorecard
- 1 Benchmarking
- 1 Business Process Re-Engineering
- 1 Cultural Change
- 1 Continuous Improvement
- 1 ISO9000
- 1 Knowledge Management
- 1 Management by Objectives
- 1 Organizational Learning
- 1 Outcomes – Based Evaluation
- 1 Program Evaluation
- 1 Strategic Planning
- 1 Total Quality Management

One of the major question that is often asked is what is bench marking. Here in this Box 4 you will find an answer.

Box 4

“**Benchmarking** is a tool to help you improve your business process. Any business process can be benchmarked.”

“**Benchmarking** is the process of identifying, understanding, and adapting outstanding practices from organizations anywhere in the world to help your organization improve its performance.”

“**Benchmarking** is a highly respected practice in the business world. It is an activity that looks outward to find best practice and high performance and then measures actual business operations against those goals.

One of the biggest mistakes people make when beginning their benchmarking endeavor is that they only look to benchmark someone within their own industry. Although this doesn't hurt, you probably already know enough about your industry to know what works and what doesn't. Worse yet, some people think they must benchmark their competitor. What if the competition is worse than your company? Seems like a pretty big waste of time end energy. Instead how about

benchmarking a company that is well known for being a good model. Sometimes referred to as Best Practice. Exemplary Practice. Business Excellence.

By Benchmarking you will find out;

- 1 Who performs the business process very well and has process practices that are adaptable to your own organization.
- 1 Who is the most compatible for you to benchmark with
- 1 If you need to conduct a comprehensive benchmark study or if you can obtain 80-90 % of what you need from just using the telephone, email, or an electronic survey to communicate your needs with other members on the Benchmarking Exchange.

Most business processes are common throughout industry. For example; NASA has the same fundamental Human Resources requirements for hiring and developing employees as does American Express, British Telecom has the same Customer Satisfaction Survey process as Brooklyn Union Gas. These processes, albeit from different industries, are all common and can be benchmarked very effectively. It's called "getting out of the box"

4.14 PERFORMANCE MANAGEMENT: A GLOBAL VIEW POINT

The most important and indeed the truly unique, contribution of management in the 20th century was the fifty-fold increase in the productivity of the manual in manufacturing. The most important contribution management needs to make in the 21st century is similarly to increase the productivity of knowledge work and the knowledge worker.

Peter E. Drucker

The wealth of nations is increasingly based on the creation and exploitation of knowledge. The best possible advantage must be taken of this new form of progress available to community firms since it is an area in which the community enjoys a substantial lead.

ICIMS News

Current global developments require a keen, pleasant, and ethical way of working within organizations. In turn, organizations should be characterized by vision, self-guidance, learning, and a balanced relationship between personal ambition of individuals and the shared organizational ambition.

It has been noticed that many companies have not yet comprehended the importance of these aspects. In most cases, improvement and development projects are handled with the traditional methods previously mentioned, and the result are usually temporary and cosmetic. Subsequently, many opportunities for the achievement of durable competitive advantage are missed. I need a more inspiring approach to organizational development and learning.

Total Performance Score Card TPS

The Total Performance Scorecard concept is an "inside out" approach, one that has as its point of departure personal identity. This chapter provides an introductory description of this concept.

The TPS Concept

You cannot teach a man anything; you can only help him discover it in himself.

Focus on Customer Satisfaction	Consistent Personal and Organizational Objectives
<ul style="list-style-type: none"> 1 Customer orientation is an essential part of Personal and Organizational Balance Scorecard. 1 Customer-oriented behaviour is one of the competences by which employees are judged. 1 Employees and customers are mutual partners. 1 We are acquainted with and understand our customers. 1 Customer needs are integrated into daily activities. 1 More is done for the customer than the customer expects. 1 Satisfied customers are our numbers one priority. 1 Changes in customers needs are systematically collected and improved upon 1 Preventing complaints rather than reacting to complaints is our goal. 	<ul style="list-style-type: none"> 1 Managers and employees have formulated their own Personal Balanced Scorecards and use them as a compass for personal improvement, development, and learning. 1 A shared and inspirational organizational ambition is developed and propagated decisively at all levels of the organization. 1 Critical success factors, objectives, and performance measures are formulated and communicated to all associates. 1 Manager’s behaviour about the Formulated Balanced Scorecards is consistent. 1 Guidance is provided for performance improvement. 1 Top management is committed to change and improvement. 1 Managers act as coaches are action-oriented, and encourage a fundamental learning attitude.

Figure 10: A

Passion and Enjoyment	Ethical and Fact-Based Behaviour
<ul style="list-style-type: none"> 1 The organizational environment is characterized by passion, enjoyment, motivation, commitment, inspiration, and enthusiasm. 1 Fear and distrust have been chased out. 1 The Voluntary and active involvement of everyone is a priority 1 Teamwork, open communication, and mutual trust are valued. 1 Investment in people (training) is emphasized. 1 Employees are empowered. 1 Entrepreneurship and leadership is encouraged in all business units. 	<ul style="list-style-type: none"> 1 The shared organizational ambition is guided by ethics. 1 The organization cares about ethics and corporate social responsibilities. 1 The behaviour of people is based on high moral standards. 1 Performance measure are linked to targets. 1 Work is done based on facts and performance indicators. 1 The causes and consequences of problems are analyzed based on the principle that “measuring is knowing.” 1 Data is purposefully gathered and correctly interpreted.

<ul style="list-style-type: none"> 1 People are open to change, improvement, and renovation. 1 Making mistakes is permitted, for we learn constantly from our mistakes. 1 Feedback is given regarding the improvements actions accomplished by employees. 	<ul style="list-style-type: none"> 1 Measurements are based on figures and targets. 1 The assessment of individual associates is based on concrete competences and results, which, in turn, are related to performance measures and targets 1 The organizational culture is characterized by simplicity, self-confidence, teamwork, and personal involvement
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Figure 10: B

Process Orientation	Focus on Durable Improvement, Development, and Learning
<ul style="list-style-type: none"> 1 Process are guided based on performance measures. 1 Internal customers are also satisfied. 1 The effectiveness of business processes is measured. 1 Suppliers are seen as long-term partners. 1 Process variation reduction takes place continuously. 1 Errors are regarded as an opportunity for improvement. 1 Improvement, development, and learning are seen as continuous and gradual processes. 1 Knowledge is constantly implemented and incorporated in new product, services and processes. 1 Improvements teams are created in which different learning styles are represented. 	<ul style="list-style-type: none"> 1 Formulation of the PBSC results in the personal well-being and successes in the society. 1 Formulation of the OBSC results in improvement and control of the business processes and is aimed at achieving competitive advantage of the organization. 1 Formulation of the competence profiles and performance plans of individual employees results in job-related competence development and is focused on effective job fulfillment. 1 Employees improve themselves and their work and help others improve themselves and the organization. 1 Emphasis is on continuous improvement based on Deming's PDCA learning cycle. 1 Emphasis on the continuous development of human potential based on the development cycle and 360° – feedback. 1 Emphasis is on continuous learning that's is based on self-knowledge. 1 Emphasis is on prevention instead of correction. 1 Improvements are based on cross-functional approach and are continuously documented. 1 A working climate exists where routine improvement, development, and learning are a way of life.

Figure 10: C

Galileo Galilei

Total Performance Scorecard (TPS) encompasses an amalgamation and expansion of the concepts of Balanced Scorecard, Total Quality Management, Performance Management and Competence Management. (Figure 10, A, B, C)

4.15 FROM PERFORMANCE APPRAISAL TO PERFORMANCE MANAGEMENT: RECENT DEVELOPMENTS

The last decade has seen a great change in approaches to performance appraisal systems across the world. There has been a great realisation that it is more important to focus on defining, planning, and managing performance than merely appraising performance. While the interest in measuring performance and linking with rewards remains the same, the need to develop it, hitherto neglected, has gained recognition. Most organisations prefer to call their systems as Performance Management systems rather than Performance Appraisal systems. This is the most welcome change of the last decade.

It is very rare to come across any manager saying “We have a good performance management system and it is working well”. Surveys after surveys of Fortune 500 or 1 000 companies indicate high degree of dissatisfaction than

satisfaction with performance appraisal systems. Probably the nature of performance management is such that it can never elicit a satisfying response from its users or implementers. It is mostly the HR people who claim that their performance management systems are excellent and they are working well.

How are Performance Management Systems Different from Appraisal Systems?

First, it is important to distinguish between performance appraisal systems and performance management systems. In a way, we may say that both are same.

The main difference between the performance management and appraisal systems is their respective emphasis and spirit. Good organisations in the past have used essentially their performance appraisal systems as performance management systems. They may have used the traditional title. The title seems to mean a lot in communicating the appropriateness of the systems and its emphasis.

When can we Say that the System is Working Well?

Rao (2001) has identified the following criteria for the system to work well:

- 1) Line managers take it seriously and the performance plans are completed on time for 80% of the cases in any given year. Completing on time means within two weeks of the stipulated time by the organisation.
- 2) Line managers spend adequate time in performance planning and review discussions. Adequate time may mean about one day or 8 to 10 hours per employee per year of which 4 hours should be individual time. This includes group performance planning, individual planning, attending any performance briefing sessions, identification of developmental needs, etc. This excludes any seminars and workshops used for introducing the performance management system.
- 3) The performance plans are of good quality and achieve the objectives of clarifying the goals, roles, and time frame, and performance standards for each

department and individual. They differentiate the work to be done by each employee from that of his/her boss and subordinates.

- 4) Performance review discussions conducted are of quality and the employees (80%) look forward to these with enthusiasm and treat them as learning opportunities.
- 5) Organisational support is planned in the form of removing bottlenecks, arranging training programs, job-rotation and the like, after performance planning sessions. Performance improvements are taken seriously and all the employees try their best to assist each other in performance improvements.
- 6) There is a performance culture generated in the organisation and the performance management system is a part of it and may even be one of the reasons for its generation.

Design Mistakes

Mistake 1: Not having the Right Emphasis

Most performance management systems pretend that they are performance management systems but in reality emphasise performance appraisals or ratings. This is the most potential source of trouble. The moment ratings take precedence over performance improvements the atmosphere generates an unhealthy competition. Ratings are deceptively subjective. It is a misnomer to think that by having appropriate rating system, objectivity can be achieved. For example a rating of 7 on a 10 point scale given by a conservative materials manager to his well performing subordinate, and the rating of 7 given by a lenient IT manager to his average programmer, and the rating of 7 given by the HR . Managers who is new to the organisation to his only subordinate officer, and a rating of 7 given by the production manager to a well performing assistant manager whose section met all the production are all treated alike because the rating is seven. It is the most subjective way of handling numbers. Hence the overemphasis on numbers is the first problem in performance management systems. The emphasis should be on the process and performance improvements. What are the activities well done? What are the activities not so well done? What are the activities not done at all? What are the activities that need not be done? What is a better way of doing these activities? Could they be done more cost effectively? Are the competencies of the employee put to the best use? Are there better ways of putting them to use? How does one improve work motivation?

Mistake 2: Poorly Designed Performance Management Systems and Formats

Poorly designed performance management systems may take many forms. ranging from lengthy formats which are not looked at by anyone else once they are done to inadequately designed formats and systems. In some cases there are pages after pages to be filled and it becomes a form filling exercise. In other cases the format is very simple with no guidelines and accompanying instructions. For any performance management system to be implemented well the system as well as its format which symbolises the system should be well designed, the process should be clear, explained to people, and understood by people. The format only symbolises the system and should contain the minimum. required reminding points or details. The format should be accompanied by guidelines, which may be available on line or in a printed form at any time for all employees. In fact it should form a part of the employee handbook or induction material for new comers. While the format should be simple, the accompanying manual should give all details and illustrations for a new entrant. The poverty of the design is also reflected some times in the spacing and such other layout of the format. The space provided for writing KPAs or KRAs and objectives, competencies and their assessment, recording of summary of discussions,

developmental needs etc., should be appropriately designed and should be based on expectations. The layout may keep changing as the time passes with experience.

Mistake 3: Multiple Objectives make a Mess

Performance Management Systems have a lot of potential to achieve many objectives. The author has identified at least twelve objectives ranging from role clarity, to gaining insights into strengths and weaknesses, identification of developmental needs, competency development, increasing upward and downward communications, promoting mutuality, promotion decisions, culture building, value promotion, to performance rewarding and monitoring, enhancing accountabilities etc. Integrating individual and organisational goals, discriminating employee performance are the other additional objectives aimed at. While designing their appraisals, a number of organisations have aimed at achieving multiple objectives. Aiming at multiple objectives creates an impression that performance management systems are magic wands and they have an internal strength in them to solve all performance-related problems of employees and the organisation. Unfortunately it is not true. It is not the system which solves problems. Systems set directions, enhance predictability and, if implemented well, ensure that certain things will happen. Multiple objectives seem to raise the expectations of line managers and bring subsequent disappointment.

One of the lessons from the past, therefore, is that it is more practical and useful to focus on one or two most important objectives and promote their achievement. The other objectives could be left for the process to take over. The most important objective of performance management system may be performance improvements. Some organisations could make them as specific as enhancing internal customer satisfaction, improving quality of products and services, or could aim at as specific a goal as reducing costs.

Mistake 4: Multiple Components may make it a Sophisticated System

Just like objectives, performance management systems can have a number of components. There are at least ten components identified in the past: KPAs or KRAs, goal setting, attributes or competencies, self appraisal, performance analysis, review discussion, performance ratings, identification of developmental needs, potential appraisal, review by a committee or reviewing officer etc. While all these could be a part of the process, after some time they should become a part of the process and need not be overlaid. They should be internalised.

Implementation Process Mistakes

Most mistakes and problems in performance management systems have to do with implementation process. The common problem areas are:

- 1 Over criticism of the past and over projection of the new or changed system as a panacea for all past problems
- 1 Big fanfare with which a system is introduced and not even half that effort being put subsequently to help the employees in implementing
- 1 Lack of organisational support
- 1 Lack of competencies in HR department
- 1 Image of the HRD Department and inability to promote a sense of ownership of the system among the line managers
- 1 Lack of follow up on the part of HR department
- 1 Top management commitment
- 1 Past experience with all the systems
- 1 Nature of the system

Each of these is explained below:

Mistake 5: Over Criticism of the Past and Over Projection of the New or Changed System as a Panacea for all Past Problems

Most corporations at the time of introducing a new system introduce the same by pointing out all the problems of the previous system and indicating how the new system is meant to take care of the problems. Most of the time the previous system has not worked well more because of the implementation problems rather than design problems. However very little is done to tackle the implementation problem. For example the most important implementation issue may be lack of managerial time, or inadequate commitment of the top management, or lack of guidance available for employees in performance planning. If these issues are not understood and tackled, the employees get a feeling that by merely changing the system, every thing could be taken care of. Over criticism of the previous system raises expectations from the present system. It may facilitate the introduction of the new subsystem but increases the chances of cynicism later. It is necessary to find out one critical difference either in terms of objectives or in terms of the process and emphasise the same while introducing the new system. Such single point focus and sensitivity to implementation issues enhances the success.

Mistake 6: Big Fanfare with Which a System is Introduced and Inadequate Effort put Subsequently to Help the Employees in Implementing

This is another common mistake made by most organisations. The HRD departments build good budgets for introducing a new system or changing the old system. They forget that the real work begins after introducing the new system. Consultants, internal task forces, workshops, manuals, new formats, education program or skill building workshops-all are over and everything is forgotten. A lot more effort is required in initial years to make the system work. No system works by merely introducing it. A lot of hand holding guidance and help is required. A constantly working help line is needed for a human performance related system like the performance management system we are talking of performance, which is the most important objective of any organisation. It is therefore necessary to pay adequate attention to the post-initiation work. Implementation needs to be monitored more rigorously and may take more time than the initiation workshops. It is important and may even be necessary to have at least one person for every 100 managers to guide and monitor performance management. The help may be required in performance planning, or in review, or in preparing a performance improvement program at the individual or group levels.

Mistake 7: Lack of Organisational Support

In many cases the performance management systems fail to take off due to lack of organisational support. Such a lack of support is not as much for the system as it is for individual employees to enable them to do better. In a competitive world, if any employee has to deliver results, he needs to have competencies, motivation and organisational support. Organisational support may be in terms of basic work conditions, resources, facilities, inputs from internal customers etc. These get highlighted in any performance management system. It is not right for organisation to say that every employee has to work all the time within the limitations. It goes without saying but the organisation should demonstrate that it is willing to listen to the difficulties faced by employees and are willing to try their best to remove the bottlenecks. They should remove the same and communicate their efforts. It is therefore important to build credibility on a continuous basis. HR department should act here like an OD facilitator. They should device special mechanisms to keep collecting data, feeding to the respective agencies and creating problem solving conditions.

Mistake 8: Lack of Competencies in HR Department

In my experience, I have time and again found the competencies or lack of competencies of the HR department as the biggest bottleneck in effective implementation of performance management systems. The most important competencies they need are the following:

- 1 Business sense and involvement in the main business of the organisation
- 1 Knowledge of all the departments and appreciation for each of them and their roles
- 1 Interpersonal sensitivity
- 1 Performance planning competencies specially like identifying KPAs or KRAs . and conducting performance review discussions
- 1 Organisational diagnosis skills
- 1 Perseverance .
- 1 Ability to set a personal example by first implementing all that they are asking others to implement in their own department
- 1 Counselling skills
- 1 Performance orientation
- 1 Initiative and proaction
- 1 System building and monitoring skills
- 1 Credibility to carry on the line staff

In addition to all these, they need to have time, aptitude and role clarity that effective implementation is their business as much as it is of the line managers. In organisations where the PMS have not taken off it is mostly due to shifting priorities of the HR department coupled with their lack of competencies in . monitoring and implementing the system.

Mistake 9: Image of the HRD Department and Inability to Promote a Sense of Ownership of the System among the Line Managers

Another major hurdle is the image of the HR department. The mistake is to assign this task to a department, which does not have credibility and is perceived as promoting subjectivity in the past. Organisations may not think of alternatives, as it is the legitimate role of the HR department. It may not have competent and trained people. It is therefore necessary to recruit some HR staff or alternately outsource the same. The HR staff should have competencies in implementing PMS.

It is also important to create a sense of ownership among line managers. Task forces to monitor the implementation and open reviews are a good mechanism to promote ownership. One of the ways of promoting ownership is a . decentralised implementation of the system. Heads of Department should take responsibility to collect, gather, analyse and use the data emanating from the PMS. HR could act as an internal consultant.

Mistake 10: Lack of Follow Up on the Part of HR Department

Where competencies may be available, if the HR department does not follow up, it may be neglected by default. Hence it is necessary for HR department to have an effective follow up put in place. The follow up could take the form of quarterly. performance review meetings, implementation review meetings, survey feedback, upward appraisal of the appraisers by their subordinates on the time spent, extent to which they listened and understood the problems of their juniors etc. The follow up should be done both at individual level and at this primary group level.

Mistake 11: Top Management Commitment

The most important hurdle in effective implementation of PMS is lack of time for top level or senior managers to do their own or their subordinates performance planning. One Unit Head not doing it sends wrong signals all through the unit and defeats the purpose of PMS. The last thing for any top level or senior level manager to say is that performance planning or review can wait and more important is performance. Such statements send wrong signals all through the company. On the other hand the top management should integrate performance management system into all their other interventions, as this is the main system of planning and managing performance.

Mistake 12: Past Experience with all the Systems

In some of the corporations, performance management system has not worked because most of the systems introduced earlier were disasters. For example, if a budgeting system has been introduced and abandoned or a new MIS has been introduced and was given up and the company has a culture of introducing and giving up. Already cynicism may be in place. In such organisations there are inherent difficulties in making the system work.

Mistake 13: Nature of the System

It must be recognised here that the Performance Management System has some inherent issues, which make it difficult for all people to appreciate. People who perform and do not get rewarded are likely to blame the system for not being recognised. For every ten persons there will be at least a few who feel that they deserved to be rewarded and the company did not notice? If rewards are delinked there is one type of a problem and if they are linked than there is another type of a problem. The nature of the system we are talking is by itself a problem as it is bound to dissatisfy at least a few every year. Hence it needs continuous reinforcement, reassurance, and renewal to keep it alive and productive.

4.16 PERFORMANCE MANAGEMENT: FROM SYSTEMS

For several years and definitely in the last two decades we have taken a systems approach to performance management. The systems approach consisted of asking the individuals, teams, their supervisors and organisations to define performance (identify Key Performance Areas), plan performance (set targets), review performance (performance coaching), identify developmental needs, assign performance ratings, moderate ratings, debate and link or delink with rewards. The systems approach was fairly logical, commonsensical, predictive and performance driven. Unfortunately it did not work the way it should have worked. In our eagerness to promote system approach and due to our over commitment to professionalism we have ignored answering more fundamental questions on performance management. We focused on the performance equation alright but we over focused on the scientific, predictable and tangible part of performance equation and ignored the spiritual, dynamic abstract and unpredictable part of the performance equation. While the former part is defining performance identifying competencies and competency gaps, the spiritual and the neglected part is the motivational part and the unpredictable (environmental or fluctuating organisational role part of it).

There is a technology available and there are systems. But these were not implemented the way they are supposed to be. When they failed, we didn't ask the question, why are they failing? Why is such a useful system not being implemented? Why do line managers, top management as well as the HR Heads pay lip sympathy to the PM systems and fail to implement them.

When systems fail probably what was needed was another system by a spirit that can enforce the implementation of the system. It is this spirit, which has not been searched, focused and found till date.

As a result the PMS happens to be a powerful and at the same time the most ill implemented of the systems.

Spiritual Approach Focuses on the Understanding that

- 1 Performance Management is not an event. It is a process and a continuous process.
- 1 Performance Management requires an understanding, a desire and a discipline
 - Understanding of one's self, motives, interests, responsibilities.
 - A desire to discover and apply oneself
 - Understanding of the limitations of organisations as well as opportunities provided by organisations to discover and apply one's self.
 - Values of self-discipline, desire to improve, OCT APACE and learning.
 - Organisational culture and cantered people

Spiritual approach requires spirit and spirited people. Systems do not provide spirit. It is people who provide spirit. Systems provide opportunities. It is people who have to make one of these opportunities.

Our Experiences from PMS

We have worked in the last few years with a number of organisations on the PMS. Some of these include: Geologistics, FAG Bearings, Tata Finance, Titan Industries, EID Parry, Mahindra & Mahindra, Bharat Petroleum, National Stock Exchange, etc. Our experience of working with these companies we are convinced that a good Performance Management system can go a long way in ensuring performance improvements at all times including in times of difficulty.

We wonder why such an important tool goes improperly attended and inadequately focused. We have the following lessons to add from the experiences so far:

“There is no change in the fundamentals.”

The fundamentals include the following:

- 1 Performance planning is necessary for performance improvements. A good performance plan gives a sense of direction and utilizes human potential and enhances individual and organisational performance.

Imagine the case of a General Manager of a Manufacturing unit who discovers that 60% of his time goes for meetings and communication skills and meeting management are important skills he needs to acquire. He further found on doing a KPA exercise that a 30 mts. saving in his daily two hour meetings would mean a saving of Deputy General Manager Position or scope for appointing an additional deputy General Manager. With 2 hours a quarter spent on KPAs and planning your work in term you can give right direction to the remaining 600 hours of work. Looked at in another way that if you are working for 2,400 hours in a year you can use time and effort properly if you spend just about 0.5% of that time (12 hours of time) in a year. With this time you can give right direction. to your self and your subordinates and el"!sure performance improvements and efficiencies.

Imagine a branch manager of a IT company discovering after a good performance planning exercise that about 40% of his time is going in the follow up of seven bad payment cases and the follow up time is increasing over a period of time in the last

few years than coming down. It is resulting in the decline of his time spent on business development.

- 1 There is no great technology in identification of KPAs or in designing Performance Management systems. It is commonsensical and anyone can acquire in a short time. Experts are not required to the extent to which some organisations make it out to be.

Various terms are being used. KPAs, KRAs, Tasks and Targets, Responsibilities etc. They all mean the same or at least the difference is so little that one may not spend any time trying to find out how they differ. Irrespective of how they differ they are tools of performance planning and role clarity. They are intended to give a sense of direction and help in performance improvements.

- 1 Performance planning done in a participative way using the organisational context (vision, mission, goals long and short term) will enhance commitment to the performance, enhance communication and joint problems solving and hence result in better performance or performance with joy.

This is time and again demonstrated through our workshops etc. In one of the innovative designs we have introduced in training people in PMS or in implementing PMS we have begun to call Junior-senior (or boss subordinate pairs-we don't wish to call them appraiser-appraisee pairs as the purpose of

PMS is not appraisal) pairs and ask them to actually plan and review their last year/half-year/quarter performance. The training programs or PMS workshops are meant more to identify KPAs and also to conduct PRDs (Performance Review Discussions) rather than to learn about how to do them.

- 1 Linking with rewards may be fine but making it a primary purpose will dilute or even nullify the focus on performance improvements and development goals.

Time and again experience has demonstrated that there is no way to ensure objectivity or the satisfaction of every one. Twenty-five years in this field has shown beyond doubt our conviction and proved what we said in 1974 itself in L& T. Discussion on rewards is so absorbing and emotions generating the performance improvements go the background and arguments and disputes come to the forefront. Hence it is important to keep them away as much as possible. Appraisal is a subjective process and there can never be objectivity of the kind people would like to have. Rewards to be kept away and declined as much as possible from the PMS process as possible. It has been our experience that when rewards are discussed or announced there is more pain than joy. They have more demotivating values to many and motivating value only to a few. Today even these few are becoming fewer.

- 1 Developmental Needs should be identified along with performance planning in the beginning of the year and thereafter continuously rather than at the end of the performance period.

This is in an away new discovery of the last few years. Identification of training and development needs at the end of the year has led to postponement and continued poor performance for the entire period. Developmental needs therefore should be identified along with performance plans. A number of organisations today ask the individual himself to plan his own development.

- 1 The individual should own performance Management more than his boss and his boss more than the HRD department.

This is an important fundamental that seems to have been forgotten over the last few years. As HRD Managers are in the business of designing and introducing performance Management systems there has been a mistaken notion that they are the owners of the system. This has done a lot of damage than good. Today, in quite a few companies line manager think that they have to carry on PMS exercises more as

requirement of the HRD department rather than as a need of the manager and as an opportunity for the line manager to improve himself and his performance. This notion needs to be broken. Organisations have perpetuated this notion by getting the HRD Department to distribute and collect forms, send reminders. The HRD departments have even maintained the inventory of PMS forms. Many organisations have now recognized what Pareek & Rao have recommended in 1974 to L& T that these forms are owned by the line managers themselves and some parts of it should not even go beyond the reviewing officer. Now-a-days the forms are available on-line for any interested manager to download and use them whenever they like.

- 1 Performance Coaching or mentoring and counselling is a very useful tool for HRD or performance improvements.

It has been established beyond doubt that performance improvements 600 hours of work. Looked at in another way that if you are working for 2,400 hours in a year you can use time and effort properly if you spend just about 0.5% of that time (12 hours of time) in a year. With this time you can give right direction. to your self and your subordinates and ensure performance improvements and efficiencies.

Imagine a branch manager of a IT company discovering after a good performance planning exercise that about 40% of his time is going in the follow up of seven bad payment cases and the follow up time is increasing over a period of time in the last few years than coming down. It is resulting in the decline of his time spent on business development.

- 1 There is no great technology in identification of KPAs or in designing' Performance Management systems. It is commonsensical and anyone can acquire in a short time. Experts are not required to the extent to which some organisations make it out to be.

Various terms are being used. KPAs, KRAs, Tasks and Targets, Responsibilities etc. They all mean the same or at least the difference is so little that one may not spend any time trying to find out how they differ. Irrespective of how they differ they are tools of performance planning and role clarity. They are intended to give. a sense of direction and help in performance improvements.

- 1 Performance planning done in a participative way using the organisational context (vision, mission, goals long and short term) will enhance commitment to the performance, enhance communication and joint problems solving and hence result in better performance or performance with joy.

This is time and again demonstrated through our workshops etc. In one of the innovative designs we have introduced in training people in PMS or in . implementing PMS we have begun to call Junior-senior (or boss subordinate pairs-we don't wish to call them appraiser-appraisee pairs as the purpose of PMS is not appraisal) pairs and ask them to actually plan and review their last year/half-year/quarter performance. The training programs or PMS workshops are meant more to identify KPAs and also to conduct PROs (Performance Review Discussions) rather than to learn about how to do them.

- 1 Linking with rewards may be fine but making it a primary purpose will dilute or even nullify the focus on performance improvements and development goals.

Time and again experience has demonstrated that there is no way to ensure objectivity or the satisfaction of every one. Twenty-five years in this field has shown beyond doubt our conviction and proved what we said in 1974 itself in L& T. Discussion on rewards is so absorbing and emotions generating the performance improvements go the background and arguments and disputes come to the forefront. Hence it is important to keep them away as much as possible. Appraisal is a subjective process and there can never be objectivity of the kind people would like to have. Rewards to

be kept away and declined as much as possible from the PMS process as possible. It has been our experience that when rewards are discussed or announced there is more pain than joy. They have more demotivating values to many and motivating value only to a few. Today even these few are becoming fewer.

- 1 Developmental Needs should be identified along with performance planning in the beginning of the year and thereafter continuously rather than at the end of the performance period.

This is in an away new discovery of the last few years. Identification of training and development needs at the end of the year has led to postponement and continued poor performance for the entire period. Developmental needs therefore should be identified along with performance plans. A number of organisations today ask the individual himself to plan his own development.

- 1 The individual should own performance Management more than his boss and his boss more than the HRD department.

This is an important fundamental that seems to have been forgotten over the last few years. As HRD Managers are in the business of designing and introducing performance Management systems there has been a mistaken notion that they are the owners of the system. This has done a lot of damage than good. Today, in quite a few companies line manager think that they have to carry on PMS exercises more as requirement of the HRD department rather than as a need of the manager and as an opportunity for the line manager to improve himself and his performance. This notion needs to be broken. Organisations have perpetuated this notion by getting the HRD Department to distribute and collect forms, send reminders. The HRD departments have even maintained the inventory of PMS forms. Many organisations have now recognized what Pareek & Rao have recommended in 1974 to L& T that these forms are owned by the line managers themselves and some parts of it should not even go beyond the reviewing officer. Now-a-days the forms are available on-line for any interested manager to download and use them whenever they like.

- 1 Performance Coaching or mentoring and counselling is a very useful tool for HRD or performance improvements.

It has been established beyond doubt that performance improvements will come if the senior helps the junior through periodic review and discussions. Wherever coaching or PRD exercises have been done there has been an increased mutuality, communication, understanding problem solving ability and many more good things. But fewer people seem to take the time and effort to do these things.

What is New?

The PMS field has very little new things. Some of these include the following:

- 1 Move away from appraisals. These are performance management systems and not appraisal systems. The focus is improvements and development rather than appraisals
- 1 Move away from numbers to qualitative assessment. Numbers in performance appraisal whether they are five point scales, or seven point scales or ten point scales, they mislead a lot more than provide any objective assessment
- 1 Innovate. Process is more important than formats. Formats put the process in a shape and a systematic way. They have the danger of making themselves more important than the process. When the format becomes more important than the process it kills the main objective of development
- 1 Emphasize learning and development, empowerment and growth and problem solving more than assessment, objectivity, measurement etc.

- 1 Don't insist on quantitative targets. Our inability to quantify seems to be so high that the effort to understand is being given up due to our inability to quantify. Where you cannot quantify don't even attempt. Higher-level roles are some times difficult to quantify. How do you quantify how much of a leadership and role modelling one should show?
- 1 Use multi ratter assessment as a supplements
- 1 Use technology to facilitate learning from each other.
- 1 Publicize the KPAs, performance plans etc. on the local networks so that anyone can access and use for each other.
- 1 Synergies with other systems wherever you have already spent your time and energies. For example if you have already conducted a competency mapping exercise use the results and integrate them as apart of the PMS.
- 1 Use selectively internal task forces and other review mechanisms.
- 1 Encourage employees to own their own performance management. Monitor the process and not the filling of formats.
- 1 Follow up actions must be taken and taken on time. It may be training or job rotation or removing blocks or any other things. They must be attended to.

4.17 SUMMARY

To sum up, in this unit we have learnt about the concept of performance management system, the relationship between performance, profit, behaviour, personality. This unit provided insight into the ABC's of Performance Management and Functioning of Performance Management Centre. At the end of the unit, recent developments of performance management system have also been discussed.

4.18 SELF ASSESSMENT QUESTIONS

- 1) What is the meaning of performance in work context?
- 2) Can one really manage and change performance?
- 3) What is understood by performance system management?
- 4) Identify high impact areas of performance and draw your own conclusions.

4.19 FURTHER READINGS

Adams, J.S. (2000). Join the internet debate on the future of occupational psychology. *Occupational Psychology*, 39, 16.

Algera, J.A. and Kleinback (eds.) (1994). "Performance improvement programmes in Europe," *European Jour. of Work and Organizational Psychology*.

Argyl, M. (1989). *The Social Psychology of Works*, Harmondsworth, U.K. Penguin.

Arnold, J.; Cooper C.I. and Robeston, I.T. (1998). *Work Psychology* (3rd ed.) Harlow, U.K. Prentice Hall.

Belbin, R.M. (1981). *Management teams: Why they succeed or fail*. London: Heinmann.