

**An Assessment of Effectiveness of Performance  
Management Systems : An Empirical Study  
in  
Indian Companies**

**THESIS**

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of the requirements for the Degree of  
**DOCTOR OF PHILOSOPHY**

by

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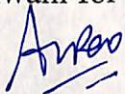
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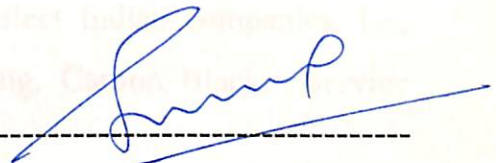


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CERTIFICATE

This is to certify that the thesis entitled **An Assessment of Effectiveness of Performance Management Systems : An Empirical Study in Indian Companies** and submitted by **Ayyalasomayajula Srinivasa Rao** ID No. **2001PHXF004** for award of Ph.D. Degree from BITS, Pilani, embodies original work done by him under my supervision.

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## Abstract

The concept of Performance Management has been one of the most important and positive developments in the sphere of Human Resource Management in recent years. The phrase was first coined by Beer and Ruh in 1976. But it did not become recognized as a distinctive approach until the mid-1980s, growing out of the realization that a more continuous and integrated approach was needed to manage and reward performance.

Past research studies revealed that the Performance Management is weak in India, particularly consequence management. Today, employees as well as organizations seem to be unhappy with their existing Performance Management Systems and are in search of much better, result and development oriented systems. The present empirical study is based on 'Effectiveness of the Performance Management Systems in select Indian companies, i.e., Textiles, Aluminium, Cement, Staple Fibre, Chemicals, Mining, Carbon Black, Service Sectors etc.

With a view to represent the true picture of the companies under the study, the researcher had chosen 10 different Indian companies, viz: Bhiwani Textile Mills, Bhiwani; Staple Fibre Industries Limited, Nagda; Chemical Industries Limited, Nagda; Grasim Industries Limited (Cement Division), North & East Zones; Jayashree Textiles, Rishra; Birla NGK Insulators, Rishra; Indian Aluminium Company Ltd., Kolkata; Essel Mining & Industries Limited, Kolkata; Hi-Tech Carbon, Gummidipoondi; and Management Services Division, Kolkata. With a view to obtain genuine opinion / feedback, the researcher used purposive random sampling method for selecting both the appraiser and the appraisee groups at the ratio of 1:3 respectively.

The present research study attempts to analyze the factors responsible for effectiveness of the performance management processes; comparing development oriented performance appraisal

system vis-à-vis multi-objective appraisal system and its influence on Organizational characteristics.

It has been observed from the research findings, that the major factors contributing to the effectiveness of the performance management systems are : System awareness, Performance planning; Feedback mechanism and Support Systems. Since the Performance Planning and development related components like Performance Coaching & Feedback, linkages of Performance Management Systems with Career Planning, Reward Mechanism etc. are clearly missing in some form or the other in all the Companies under the study.

The Researcher has also made an attempt, at the empirical level, to examine antecedents and consequences of effective implementers of the performance management systems. As per the findings, managers having good academic background with high profiles are effective implementers of the system. It has also been found that competencies / consequences like system discipline, exposure to the system, and team working are essential for the effective implementers of the system.

# Chapter 1

## Introduction

The concept of Performance Management has been one of the most important and positive developments in the sphere of Human Resource Management in recent years. The phrase was first coined by Beer and Ruh in 1976. But it did not become recognized as a distinctive approach until the mid-1980s, growing out of the realization that a more continuous and integrated approach was needed to manage and reward performance. Background of performance management process & its various components with conceptual framework have been discussed below :

### 1.1 Background

The history and roots of performance management in the early 20th century can be traced to Taylor's pioneering Time and Motion studies. But this is not very helpful, for the same may be said about almost everything in the field of modern human resource management. As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War – not more than 60 years ago. Yet, in a broader sense, the practice of appraisal is a very ancient art. Performance appraisal systems began as simple methods of income justification. That is, appraisal was used to decide whether or not the salary or wage of an individual employee was justified. The process was firmly linked to material outcomes. If an employee's performance was found to be less than ideal, a cut in pay would follow. On the other hand, if their performance was better than the supervisor expected, a pay rise was in order.

Little consideration, if any, was given to the developmental possibilities of appraisal. It was felt that a cut in pay, or a rise, should provide the only required impetus for an employee to either improve or continue to perform well. Sometimes this basic system succeeded in getting the results that were intended; but more often than not, it failed.

The traditional emphasis on reward outcomes was progressively rejected. In the 1950s in the United States, the potential usefulness of appraisal as tool for motivation and development was gradually recognized. The general model of performance management, as it is known today, began from that time.<sup>[1]</sup>

Modern performance appraisal may be referred as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development. In many organizations - but not in all - appraisal results are used, either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions.

The present era is marked by remarkable changes in every sphere of human life. Particularly, the advancements made in the fields of science and technology, revolutionized the entire productive system which is an elementary aspect of human existence. Modern organizations have grown unmanageable, both in terms of men and material, necessitating the creation of a separate Human Resource (HR) wing. Today, the HR structures could gain primacy over all the other structures within the organization, for, it is entrusted with a task of Human resource planning based on competency / performance levels.<sup>[2]</sup> Traditionally, performance appraisal has been used as a guide for employee performance. Lately, it has been supplanted in more and more companies with Performance Management (PM), a more comprehensive human resource management process. Through goal setting, performance appraisal and feedback, continuous training and development efforts, and performance-related pay, the PM can help companies incorporate strategy into individual employee efforts and turn employees' potential into the desired results. Thus, good performance



management provides a company with the basis for managing its business today and preparing for its future through the performance of its people. [3]

The Performance Management is an ongoing process of identifying, measuring, and developing human performance in organizations. It is hoped that data are gathered by systematic observations, not only to accurately measure current performance but also to provide necessary feedback information for changes in future performance. The purpose is to measure progress, differentiate between levels of performance, pinpointing training needs, validate rewards, and identify promotable employees. [4] “ Performance appraisal systems are a lot like seat belts, most people believe they are necessary, but they don’t like to use them.” [5]

The experts in the field have felt that studies regarding performance management is plentiful, each taking different approaches to problems that have risen in various applications. They have further found that the studies do not agree on use of a particular performance tool, it looks more like a collection of tools that might meet organizational needs than to look at one particular tool to be the panacea for performance management. [6]

## 1.2 Scope of the Study

The need to address effectiveness of the performance management processes in Indian companies arises for four reasons :

- First, high performance work systems have been shown to be crucial to sustaining global competitiveness and they rely upon objective, adequate performance management processes.
- Second, it has been highlighted in various past studies that the performance management process as a relatively underemphasized factor in Indian managerial practices.

- Third, the productivity of work cultures in Indian organizations is jeopardized by the performance appraisal practices that appear to be biased, adhoc and unintegrated into a globally competitive HRM system.
- Fourth, Indian managers have been criticized for not involving employees in the performance management process. The presence of mutual influence between Indian managers and their employees with regard to the performance management process leads to realistic and appropriate standards of performance agreement about evaluation and development processes, and enhanced acceptance and commitment to performance improvements. The prevailing absence of mutual influence in India, especially managerial receptiveness to employee feedback, has provoked skepticism and resistance to the implementation of formal performance management systems.

After carrying out thorough literature review, the researcher found that previous research studies focused mainly on process, content and outcome variables which are associated with the satisfaction with Performance Appraisal System. It has also been found that past research studies narrowly focused on the Performance Appraisal Systems and very few empirical studies have been undertaken in Indian context on the effectiveness of Performance Management processes and its alignment with organizational goals. Also, largely past research studies were conducted in Western cultures and a limited research work has been carried out on the Performance Management Systems in Eastern cultures.

Keeping in view the above research gaps, the researcher has focused in the present study the factors responsible for effectiveness of the Performance Management Systems and its alignment with Organization goals. As part of the study, the researcher also examined antecedents and consequences of effective implementers of the Performance Management System.

### 1.3 Objectives of the Study

The objectives of the present study are:

- a) to identify factors responsible for the effectiveness of performance management systems in organizations;
- c) to identify a set of organisational characteristics which are likely to influence the reactions of appraisers and appraisees and to explore their influence vis-à-vis appraisal system variables on effective implementation of performance management system;
- d) to study and compare a development oriented performance appraisal system against a multi-objective performance appraisal system, their impact on effective implementation of performance management system;
- e) to examine the antecedents & consequences of effective implementers of the performance management system; and
- f) to suggest appropriate strategies in the concerned area.

### 1.4 Organisation of Thesis

The present research study is presented under following chapters. The same have been explained in detail in this thesis report :

1. Introduction;
2. Performance Management : Conceptual framework;
3. Review of literature : Performance Management;
4. Identification of Research Gaps;
5. Research Methodology;
6. Case Studies : Analysis & Interpretation;
7. Summary & Conclusions; and
8. Suggestions for Managerial practices.

## Chapter 2

### Performance Management – Conceptual Framework

The Performance Management Process and its various components with conceptual framework have been discussed in the following pages :

#### 2.1 Performance Management – Definition

Performance Management is a continuous and forward-looking process of building performance culture in which managers and employees work together in partnership. It is a joint process in which top-down appraisals no longer have a part. In most cases, the principal outcome of any formal reviews is a personal development plan that aims to provide opportunities for learning and experience that will not only improve performance but will also enhance potential and employability.<sup>[7]</sup> Various Authors have described the performance management concept with different connotations. Few such definitions have been mentioned below :

Voge & Moore (1986) said that Performance Management is about improving business performance by improving team and individual performance.<sup>[8]</sup> It is:-

- A process that links people and jobs to the strategy of the organization.
- A process for establishing a shared understanding of what has to be achieved and how.
- A process of managing self and others so that people do achieve.
- A process for ensuring that people are doing the right things in the most effective ways to the best of their ability.

Bacal (2002) defined Performance Management as planning, monitoring, and appraising job contributions that fulfill the organization's mission to include its description as a communication process, establishing expectations and measurements, working together, identifying barriers, etc.<sup>[9]</sup>



Feldman (2002) describes Performance management as processes by which managers improve the performance of their employees by utilizing their power to reward, develop or discipline as appropriate.<sup>[10]</sup>

Stiffler (2000) describes that five key components are essential for calling any organization a performance-driven organization.<sup>[11]</sup> To fully transform into a performance driven organization, one must first **align** the resources and strategic objectives across all parts of the organization. These key strategic objectives must then **cascade** down to even the lowest levels in the organization, ensuring that everyone is working towards the right goals. With performance defined by aligning across the organization and cascading objectives down into the organization, people need to have a **reward** for achieving the desired results. To ensure continuous improvement, people must clearly **understand** performance through the analysis of performance information, at which time the organization can adjust its strategy and resource deployment to effectively **optimize** performance over time. These five keys are required to achieve the full potential of a performance management strategy.

Sydanmaanlakka (2002) defined that the aim of performance management is continuous improvement of performance and involves combining the efforts and objectives of the organization and the individual. It needs assessing from the viewpoint of the organization, individual and environment.<sup>[12]</sup>

Rao (1998) mentioned that a good performance management system should have the following objectives :<sup>[13]</sup>

- 1) Help the employee to overcome his weaknesses and improve over his strengths;
- 2) Generate adequate feedback and guidance to the employees;
- 3) Contribute to the growth and development of the employee through helping him in realistic goal setting;
- 4) Help in creating a desirable culture and traditions in the organization;
- 5) Generate significant, relevant, free and valid information about the employees.

Thus, a good system should primarily focus on employee development and at the same time, provide a significant input for salary and reward management.

Armstrong (2000) defined that performance management is based on the agreement of objectives, knowledge, skill and capability (competence) requirements, performance improvement, and personal development plans. It involves the joint and continuing review of performance against these objectives, requirements and plans and the agreement and implementation of improvement and further development plans.<sup>[14]</sup>

To sum up, the Performance Management is about improving business performance by improving team and individual performance. A good performance management system should help in contributing to the employees' development and growth.

## 2.2 Performance Management Objectives

In this Section, scope and purposes of the Performance Management Systems have been discussed :

### A) Scope of Performance Management System

Performance management comprises of four distinct activities: Clarifying expectations; Giving and receiving feedback; Coaching; and Performance Appraisal. These four activities, and the behaviors and skills they require, are known as the Performance Management Process. Experts indicated that the most effective supervisors and team leaders differ from their less effective counterparts by their ability to successfully perform these four activities.

#### (i) Clarifying expectations

This step is the starting point in the process. When expectations are not clear, employees may not see the purpose in what they are required to do. They also may not be in sync with their job's current demands and priorities. They tend to "go through the motions" but not invest their heart and soul in their job performance. They do what they

are most comfortable doing or what they've done in the past-neither of which may be right for the current situation. Likewise, a team cannot function very well without a clear understanding of its boundaries and expectations. Lack of clarification results in things continually going in circles, little being accomplished, and frustration and disillusionment developing among team members.

(ii) Giving and receiving feedback

It has been found that employees and team members want to know how their performance measures up. Providing feedback is one way to reinforce the importance of achieving expectations. Feedback focuses on specific events, not overall performance. It can be delivered almost any time or place and typically needs no formal meeting. Feedback should be given for both positive and negative aspects of performance. When delivering feedback, the role of supervisor or team leader is like a cheerleader - recognizing accomplishments and encouraging people to achieve even more. This role requires skill at giving as well as receiving feedback.

(iii) Coaching

Coaching sessions are held to improve a person's future performance. The purpose of coaching is not to "chew out" or threaten a person if performance is not improved. It is to help individuals overcome a job-related problem (Problem- Solving Coaching), or redirect on-the-job behavior when they do not see their performance as a problem (Developing Improved Performance Coaching). Coaching can help employees or team members improve in areas where their performance is below expectations, or to perform even better in areas where performance is already satisfactory. Coaching is the third activity in the performance management process. This means the coaching usually should not take place unless :

- (a) specific, measurable, mutually-agreed-to performance expectations have been established; and
- (b) completed, coaching is generally inappropriate as a managerial action. Coaching generally focuses on patterns of behavior-not on single events. Because of the time needed to conduct an effective discussion, coaching usually requires a formal scheduled meeting.

While most supervisors and team leaders are aware of the need for individualized coaching, few actually feel comfortable doing so. All too often, they respond by verbally attacking the person, ignoring the situation to avoid a confrontation, or ordering the person to take action. None of these approaches, of course, are likely to help the employee achieve peak performance in the long run.

(iv) Performance Appraisal

Unlike feedback or coaching, appraisals cover the full range of a person's performance. In contrast, feedback focuses on a single event and coaching focuses on a pattern of behavior. The proper focus of an appraisal meeting is the "big picture." An appraisal is the place for employee and appraiser to look critically at all factors affecting the employee's ability to perform. <sup>[15]</sup>

The meeting has a two-fold purpose:

- to discuss openly and in-depth the employee's performance during the past performance period; and
- to develop a plan for improving performance in the upcoming period and beyond.

The appraisal discussion should center on all of the employee's previously established performance objectives, any appropriate performance standards, plus specific behavior on the job. The goal of the meeting is to align supervisor and employee perceptions with the employee's actual performance. Sharing perceptions is key to an effective performance discussion because no two people perceive the same situation in the same way. The appraisal that consists only of reviewing a completed form and being asked if there are questions is a less than valuable experience for the employee.

The effective appraisal covers three areas:

- Accomplishments during the period.
- Performance concerns encountered during the period.
- A specific plan for improving future performance.

The meeting should also serve as a forum for both parties to :

- ❖ look critically at all factors affecting the employee's ability to perform; and



- ❖ determine whether any factors need change or improvement. All aspects of the job should be considered (e.g. tools, procedures, materials, systems, relationships).

During the appraisal, both parties should resist the temptation to accept things as they are simply because "they've always been that way." No element should be considered sacrosanct or outside the realm of potential change. This is important! Openly considering all factors places the focus exactly where it should be--on the continuous improvement of everything affecting the employee's ability to perform. <sup>[4]</sup>

## B) Performance Management System - Purpose

Performance management system can serve the following purposes, if designed properly :

- a) They can help each employee to understand more and more about his role and become clear about his functions.
- b) They can be instruments in helping each employee to understand his own strengths and weaknesses with respect to his role and functions in the company.
- c) They can help in identifying the developmental needs of each employee with respect to his role and functions.
- d) They can increase mutuality between each employee and his supervising officer.
- e) They can be mechanisms of increasing communication between the employee and his supervising officer; and thus they together accomplish the tasks.
- f) They can be instruments to provide an opportunity for the employee for self-reflection and individual goal-setting so that individually planned and monitored development takes place.
- g) They can play a role in helping every employee internalize the culture, norms and values of the organization.
- h) They can help in preparing employees for performing higher level jobs by continuously reinforcing the development of behaviors and qualities required for higher level positions in the organization.

- i) They can be instruments in the creation of a positive and healthy climate in the organization that drives people to give their best and enjoy doing so.
- j) In addition they can assist in a variety of personnel decisions by generating data about each employee periodically. <sup>[16]</sup>

### 2.3 Importance of the Performance Management in Organizations

All organizations face the problem of directing the energies of their staff to the task of achieving organizational goals and objectives. In doing so, organizations need to devise means to influence and channel the behaviors of their employees so as to optimize their contributions. The Performance management constitutes one of the major management tools employed in this process. This is based on the notion that an individual's performance in a job is improved by having definite goals, feedback about their performance and complemented by an appropriate reward system.

The benefits of the Performance Management Systems are generally regarded as an unquestioned fact of life in most large organizations. This is because of its widely accepted, generally unquestioned benefits. When asked, most organizations would argue that the system brings about the following benefits:

- The system provides an opportunity for performance related discussions that could include the following:
  - a) Setting goals and work objectives for the employee;
  - b) Aligning individual and organizational goals;
  - c) Identifying training and development needs; and
  - d) Discussing career progression opportunities.

The system results in a fair and valid basis for recognizing and rewarding individual performance.

The person doing the appraisal may gain new insight into the person being appraised, and vice versa. Communication takes place among the individuals in the appraisal process and this constitutes an important part of the organizational management system.

Some of the errors exist in the performance appraisal process are as follows:

- Subjectivity of performance : It is always difficult to measure work performance. This is due to the fact that most work performance does not produce measurable results at the end of the day.
- Halo effect : This is when someone is appraised highly, because of one outstanding characteristic.
- Central tendency : It has been noticed that most appraisers tend to avoid the high and low extremes on a rating scale. They tend to take the easier and 'safer' middle rating.
- Appraising the wrong things : Appraisers sometimes appraise behaviours rather than actual work performance.
- Similar characteristics : It is found that there is a tendency for an appraisal to be more favourable if the individual is perceived as being similar to the appraiser in relation to gender, personality, race, appearance etc.
- Politics : There is always the possibility that politics may influence the conduct of appraisals, as individuals manoeuvre to try to get the rewards that come with good appraisals.
- Ability to evaluate : The other main problem is that people vary considerably in their ability to evaluate accurately the behaviour of others. Due to lack of training in how to observe subordinate behaviour, or lack of ability to do so, the immediate supervisor may not have the necessary skills to act as an effective appraiser, hence affecting the quality of the appraisal.
- Different standards : Different appraisers may apply different standards of judgement in making their assessments.

In the final analysis, managers and organizations have realized that there is no perfect appraisal system. Organizations need the system to ensure productive performances, and yet at the same time, whatever system implemented is fraught with pitfalls as it deals with the human factor. The researcher has found that the performance management is a necessary tool and organizations and managers will have to learn to live with this. <sup>[17]</sup>

The Performance Management Systems have two principal objectives in organizations :<sup>[18]</sup>

- The first is to provide accurate and timely feedback on performance to individuals so that they may know how they are performing against performance standards. This includes identifying and correcting performance deficiencies, identifying developmental needs and counseling and coaching subordinates to improve performance and develop future potential.
- The second major objective of performance management is to develop a valid basis for making a range of developmental & administrative decisions. These include the allocation of organizational rewards & recognition such as pay and promotion decisions, retention and discharge decisions, the validation of selection techniques and decisions related to the development and training needs of individuals.

These are important decisions which must be made in any organization. The quality of such decisions can be no better than the quality of the information on which they are based. Hence, the Performance Management System should be seen as the major information source that links and drives the critical HRM functions. Human resource planning, recruitment and selection, training and development, skill inventories, career planning, and remuneration and rewards are all linked to and are dependant on accurate information generated by the performance appraisal system. Interestingly, since the performance appraisal forms part of the performance management system, there are some controversies regarding the performance appraisal process. Some experts have expressed doubts about the validity and reliability of the process. On the other hand, there are advocates of the performance appraisal who claim that it may well be the most critical of all human resource management tools.

Another area of controversy centers around the use of performance appraisal in the determination or allocation of organizational rewards. It is argued that performance appraisal has too many important employee development uses to determine reward outcomes. From this perspective, the reward-linked process is perceived as judgmental

and potentially punitive rather than as an opportunity for constructive review and encouragement.

An enlightened way of looking at formal performance appraisal is that it is a summary of the year-long communications between supervisors and employees. The important point to be made is that "performance appraisal" and feedback to the employees about their performance ought to be an on-going process. As such, the "formal performance appraisal" is just the culmination or summary of events that could conceivably be happening every day. Unfortunately, in too many organizations, the role and importance of informal feedback from supervisors is ignored as greater emphasis is placed on the formalized annual appraisals.

One must agree that people are one of a company's most valuable assets. While most assets depreciate over time, people, viewed as assets, may actually appreciate. One of the manager's major responsibilities is to improve and update the knowledge and skills of employees - appreciation of assets. The Performance Management plays a significant role as a tool and technique of organizational development and growth. In essence, effective performance management systems provide both evaluation and feedback. The main aim of the evaluation is to identify performance gaps - when performance does not meet the organizational standards - whereas feedback is necessary to inform employee about those performance gaps.

From the employee's perspective, the performance management informs them about what is required of them in order to do their jobs, it tells them how well they have achieved those objectives and helps them take corrective action to improve their performance, and, finally, it may reward them for meeting the required standards. The most significant benefit of the performance management process is the opportunities they provide supervisors and subordinates to have one-on-one discussions of important work issues. During the process, subordinates and supervisors can focus on work

activities and goals, identify and correct existing problems, and encourage better future performance .

## 2.4 Performance Appraisal Methods

In developing performance appraisal systems a critical decision concerns the appraisal method to adopt. A number of long-established techniques used in systems of performance include :<sup>[18]</sup>

- (i) Alphabetical / Numerical Rating.
- (ii) Forced Choice Rating, including Forced Choice Rating Indices.
- (iii) Personality trait rating.
- (iv) Graphic Rating Scale.
- (v) Forced Distribution.
- (vi) Ranking.
- (vii) Paired Comparisons.

While differing widely, they have the common feature that all place a high degree of reliance on the subjective judgement of the appraiser. Subjective here refers to the danger that an appraiser's judgement will be influenced by his or her own viewpoint rather than by the actual characteristic or situation being appraised. For this reason, these methods are less commonly used in organizations nowadays, although they are still found – in their entirety or as one element of a composite approach.

A further six methods of performance appraisal involve a more objective form of evaluation and emphasize what an employee actually does and how well he or she does it. Table No. 2.1 describes the advantages and disadvantages of these six objective methods.

**Table No.2.1 - Advantages and Disadvantages of Objective Methods**

Method	Advantage	Disadvantage
Free written report	<ul style="list-style-type: none"> <li>• Forces the appraiser to think carefully about an employee</li> <li>• Can produce useful comment on both current performance and future potential</li> </ul>	<ul style="list-style-type: none"> <li>• Comparisons among individuals may be difficult.</li> </ul>
Controlled written report	<ul style="list-style-type: none"> <li>• Forces appraiser to think carefully about an employee</li> <li>• Can produce useful comment on both current performance and potential performance.</li> <li>• Headings can help cross comparisons among employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Makes comparisons among individuals difficult.</li> </ul>
Critical incident technique	<ul style="list-style-type: none"> <li>• Appraiser is forced to think carefully about each employee</li> <li>• Provides useful feedback for future improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Overemphasis on a small number of specific events leads to a distorted view of an employee's overall performance.</li> <li>• May encourage excessively close supervision and employee demotivation.</li> </ul>
Management by Objectives (MBO)	<ul style="list-style-type: none"> <li>• Emphasize performance rather than personality.</li> <li>• Is less likely to be influenced by the subjectivity of the appraiser</li> <li>• Encourages open discussion</li> <li>• Provides feedback for future improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Appraiser may be unaware that the employee's failure to achieve objectives was due to external factors and not the employee's inadequate performance.</li> <li>• Danger of focusing solely on results and ignoring the means used to achieve results.</li> </ul>
Self-appraisal	<ul style="list-style-type: none"> <li>• Involves employee in the appraisal process</li> <li>• Encourages employee to prepare for the appraisal interview and to think carefully about work problems and performance.</li> </ul>	<ul style="list-style-type: none"> <li>• The difficulty of persuading an employee to produce a self-appraisal report which may become a permanent record.</li> </ul>

Method	Advantage	Disadvantage
Behaviorally anchored rating scales	<ul style="list-style-type: none"> <li>• Provides useful feedback to employees</li> </ul>	<ul style="list-style-type: none"> <li>• Expensive to develop.</li> </ul>

Source : Anderson (1986)

To cope-up all, the rationale for selection of appraisal methods largely depends on organizational structure, long-run objectives, financial resources, size, product, technology and philosophy of the organization. Therefore, to make the appraisal process more effective and acceptable, the top management should give serious thought to discard the outdated assessment methods and to adopt a more rational method which can be used to arrive at reasonably accurate profiles of employee performance and potential and more importantly, making it certain that the existing appraisal system is acceptable to both the employees and the management.

#### Modern technique - 360 Degree Feedback

The 360 degree feedback mechanism is a latest technique used in many Indian organizations. 360-degree feedback has been defined by Ward (1977) as:<sup>[19]</sup> 'The systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders on their performance'. 360-degree feedback is also referred to as 'multisource assessment' or multirater feedback'. 360-degree feedback processes usually obtain data from questionnaires that measure from different perspectives the behaviors of individuals against a list of competencies.

In recent years, a large number of Indian organizations have started using 360 degree feedback appraisal system. In this system apart from self-appraisal, an individual gets appraised by a set of people called "significant others". These include the individual's superior(s), subordinates and peers.<sup>[20]</sup> One of the main reasons contributing towards increased acceptance of this method is that as large number of managers work with wide range of other people, it becomes difficult for a single manager to accurately assess their contributions.



Few advantages are listed below :

- A broader perspective by individuals of how they are perceived by others;
- More reliable feedback to senior managers about their performance;
- A gaining of acceptance of the principle of multiple stakeholders as a measure of performance;
- The encouragement of more open feedback – new insights;
- Support for a climate of continuous improvement.

But there may be problems. These include :

- People not giving frank or honest feedback;
- Lack of action following feedback;
- Over-reliance on technology;
- Too much bureaucracy.

## 2.5 Integrated Performance Planning & Review Process

An organization's overall performance management system begins with the development of organizational strategy. Before any assessment of individual performance can be made, the organization's direction must be articulated and communicated. The ideal performance management cycle is thus a five-phase process (see Fig. No.2.1), beginning after the organization has established its corporate strategy and overall direction.<sup>[4]</sup>

### Phase I : Performance Planning

The appraiser and appraisee meet to plan the upcoming year. In their discussion (s) they come to agreement about five major areas :

- 1) The *key accountabilities* of the subordinate's job – the major areas within which the subordinate is responsible for getting results.
- 2) The specific *objectives* the subordinates will achieve within each accountability area.
- 3) The *standards* that will be used to evaluate how well the subordinate has achieved each objective.

- 4) The *performance factors, competencies, or behaviors* that will be critical in determining how the results will be achieved.
- 5) The elements of the *development plan* the subordinate will complete during the year.

Performance planning involves completing two critical tasks : (i) establishing measurable objectives for the results or outcomes that the individual's efforts will produce (*the what of the job*) and (ii) analyzing the way in which the individual will go about achieving those results or attaining the goals (*the how of the job*).

## Phase II : Performance Execution

The process of actually managing performance – now begins. The individual knows the results he will be expected to produce and the standards against which his production will be measured. In addition, he knows the important skills or competencies (team work, leadership, customer focus, etc.) the organization expects him to demonstrate as he goes about achieving those goals. The activities of the individual and the manager in concert constitute the performance management process.

### A) The Individual's Responsibilities in Performance Management

Five major activities are involved in the management of personal performance in an organization :

- a. Committing to goal achievement;
- b. Soliciting performance feedback and coaching;
- c. Communicating openly and regularly with manager;
- d. Collecting and sharing performance data;
- e. Preparing for performance reviews.

### B) The Manager's Responsibilities in Performance Management

For the manager, six major activities are involved in the ongoing process of performance management during the course of the appraisal period :

- a. Creating the conditions that generate subordinate motivation;
- b. Observing and documenting performance;

- c. Updating and revising initial objectives, performance standards, and job competency areas as conditions change;
- d. Providing performance feedback and coaching when problems or opportunities arise;
- e. Providing developmental experiences;
- f. Reinforcing effective behavior and progress toward goals.

### Phase III & IV : Performance Assessment & Review

The performance management diagram below illustrates the two primary functions involved in Phases III and IV in most organizations : judging and coaching. Not only are these different, but often they seem to be incompatible.

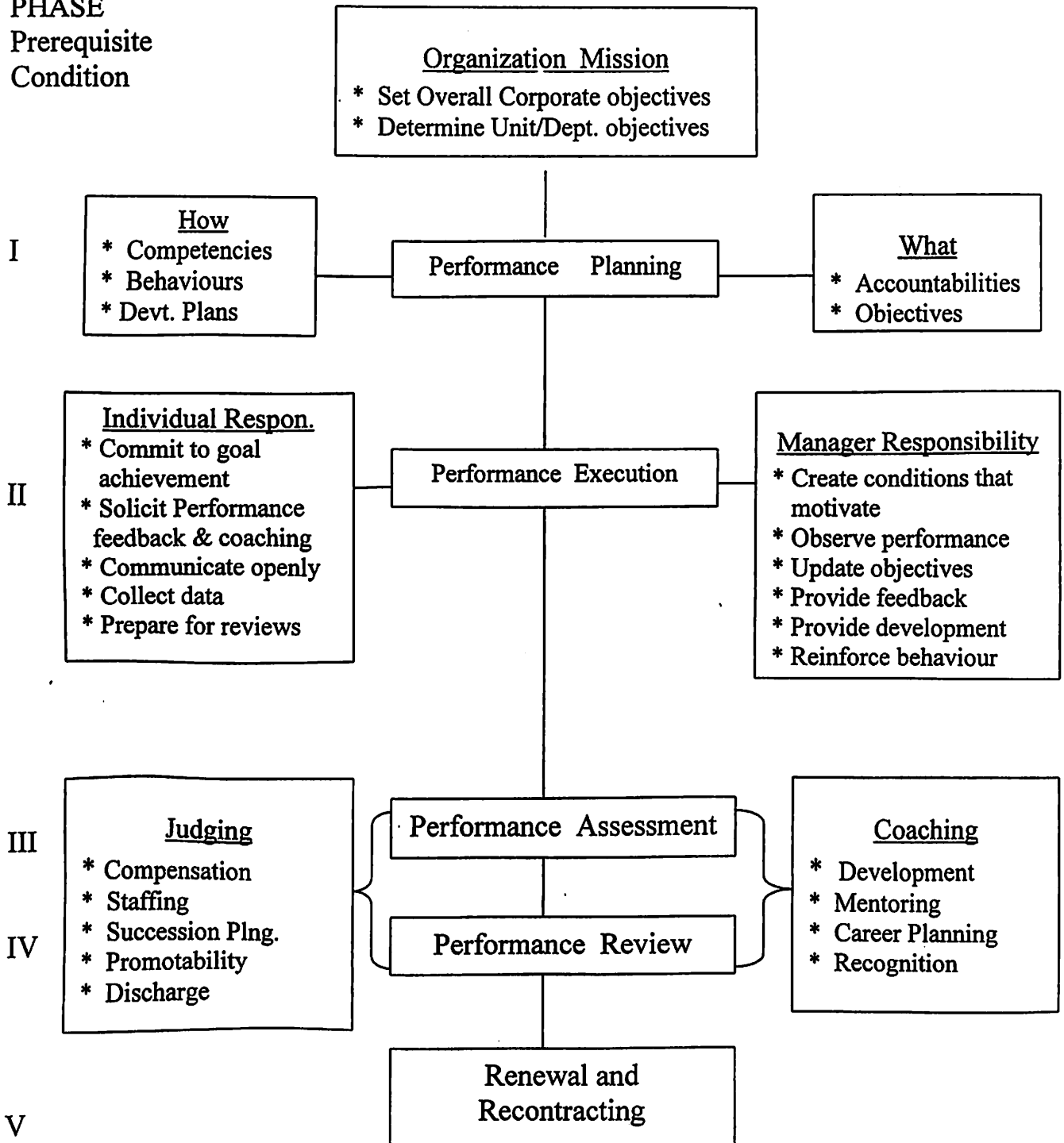
Judging means to assess performance. In most systems a rating is assigned, and decisions about compensation change flow either primarily or exclusively from that rating.

Coaching means to develop the individual in the current job and prepare the individual for the responsibilities the organization will expect this person to meet in the future.

### Phase V : Renewal and Recontracting

The final phase of the ideal performance management system is renewal and recontracting, whereby the manager and the subordinate plan the next year's objectives, making all of the adjustments and revisions necessary to take into account the changes and accomplishments of the past twelve months. The process begins again.

PHASE  
Prerequisite  
Condition



Source: Grote D. (1996)

Fig.No. 2.1 : The Performance Management Cycle Activity

## 2.6 Goal Setting Process

The task of cascading goals throughout the company can be a daunting one. It is even more daunting, once everyone's goals are in place, to track progress toward goal achievement, to troubleshoot problems employees might be having on certain key goals, and to have the agility to make any changes in priority that might occur during a quarter. Technology can dramatically improve a company's ability to do all these things. However, technology cannot substitute for sound management; managers need to discuss goal setting with their direct reports. This combination of technology and face-to-face discussion will result in a successful, "strategy aligned" company. [21]

The purpose of the goal-setting discussion is to reach agreement on the direct report's goals for the coming performance period. Here are some things both managers and their direct reports can do to prepare for this important discussion.

### A) Manager's Preparation

1. To review company's top-level objectives and how his/her (Manager's) own goals contribute to their achievement;
2. To identify which of his/her goals need to be delegated and how they should be delegated;
3. To clarify his/her direct reports' key responsibilities and anticipate the goals he/she would expect them to set;
4. To give his/her direct reports the information they need to draft their own goals.

### B) Direct Reports' Preparation

1. To learn what the company's top-level objectives are and how his/her (Direct Report's) department or work group, as well as his/her own job, supports them.
2. He/she must consider goals he/she can set that will contribute to the achievement of his/her manager's goals.
3. To review the goals that arise from the key responsibilities of his/her position and that need to be "refreshed" for the upcoming performance period.
4. To draft goals for any major projects he/she may be undertaking.

Having completed the above preparatory tasks, the manager and the direct report should be in a better position to conduct a productive goal-setting discussion. The task of the manager now is to work with his/her employees to ensure they have meaningful goals - that is, goals that will do a good job of guiding their work efforts to everyone's mutual benefit.

Performance management (PM) is a structured process, designed to deliver organizationally relevant results, and it is a process that can be facilitated by technology. But, no matter how good the technology is, the essence of the PM is in the interaction between the manager and the employee. The following questions will be helpful as a checklist :

a) Are the goals relevant?

The best way to determine relevance is to "look up." Look up to see if the goal in question supports any of the manager's own goals. Look up to see if it aligns, ultimately, to any of the higher-level goals of the company and to the company's strategy. Is it consistent with the company's vision and values? This is the discipline of alignment.

b) Is the scope of the goals neither too grand nor too small?

At the top, goals - by definition - will be more strategic. At middle levels of the organization, goals are more tactical and are purposefully set to support the more strategic goals. At lower levels, goals are operational and consist of carrying out the actions and producing the results necessary to support the tactical goals. So it is natural for an executive's goals to be considerably broader in scope than the goals of an employee further down the hierarchy.

c) Are there neither too few nor too many goals?

There is no magic "right" number of goals, but something in the range of three to seven goals is very ideal. Key responsibilities should be the starting point for setting goals. Sometimes, however, having only a couple of goals makes sense, given the nature of

the job. For example, some software engineers have only two goals: "Write code" and "Fix bugs." And those two were all they needed.

d) Are the employee's goals coordinated with other people's goals?

The manager must work out who is going to be accountable for what results so that resources are best used and collaboration is emphasized. Coordination is especially needed when work on one goal is dependent upon other employees' efforts on their goals. When dependencies exist, the manager may need to build in coordination as one of the goal's measures of successful performance.

e) Are the goals results-based and verifiable?

Goals should not be activities to be completed. They should embody desirable outcomes or results. Check the measures to make sure some kind of qualitative or quantitative results are specified. How will the manager know if the goal has been achieved? How will the manager know if it has been exceeded? The manager doesn't want to arrive at the end of the performance period and not be able to agree with his/her employee on whether or not a goal has been achieved.

f) Are the measures set at the right level?

Some employees will be overly ambitious and set unrealistically difficult goals for themselves. It is good to have challenging goals for their motivational value, but if a goal is impossible to achieve, it will only lead to frustration. Sometimes employees will set their measures too low, either inadvertently (through naivete) or purposely (through calculation). Negotiation may be required to get the measures set at the appropriate level.

g) Are the measures practical?

Measures are intended to make it possible to track progress as a goal is being worked on and to determine how well it's been achieved when the manager is completing the employee's performance evaluation. But they should be practical. It shouldn't require as much effort to measure progress on the goal as it does to actually work on the goal itself - nor should it be unduly expensive, intrusive, or resource consuming.

h) Is achievement of the goals under the employee's control?

This principle may seem obvious, but it is violated so many times. The principle is: If a result is beyond the employee's power to control, he or she shouldn't be held accountable for achieving it.

i) Does the employee have the skills needed to achieve the goals?

Another way to look at the idea of a "stretch goal" is that it is a goal whose achievement requires a bit more skill than the employee currently possesses. Working on challenging assignments is a primary stimulus of employee development.

j) Is each goal truly a goal rather than a competency masquerading as a goal?

In the end, the manager will evaluate his/her employee on results and behaviors. It is often seen that competencies get reflected as goals, such as, "Improve teamwork." If the competencies on which the manager will evaluate his/her employees include "Teamwork", there is no need to establish "Teamwork" goals. It is an unnecessary duplication.

Goals should be :

- a) **Specific** - Making goals reasonably specific gives a clearer target to aim at.
- b) **Measurable** - Measures let the employee track progress as well as determine how well he/she has achieved his/her goals.
- c) **Aligned** - By aligning the employee's goals with the company's strategic objectives, it is ensured that the employee is directing his/her know-how and energy in the right direction.
- d) **Results-focused** - A well-crafted goal will specify an important, value-added result or outcome that the employee is accountable for achieving.
- e) **Time-bound** - Goals almost always have an assumed time element, of one type or another, and this time element needs to be made explicit. In other words, when is the employee expected to deliver the required results?



## 2.7 Key Factors contributing to Effectiveness of Performance Management Systems

Keys to effective performance management systems can be organized into three critical components: effective systems design, effective managerial practice, and effective appraisal system support. Within those categories, there are 10 lessons that managers can apply to boost the performance management effectiveness.<sup>[22]</sup>

### 1. Effective System Design

Without a proper foundation it is impossible to build a successful performance management program. A good system design lays the groundwork and provides the manager with the necessary tools.

Lesson 1: Clearly define why the organization conducts formal appraisals. The organizational leadership must identify and communicate to all employees why performance appraisals are being conducted and the specific goals of the appraisal system. Carefully developed and clearly articulated goals will enable managers to choose performance management criteria that support the organization's goals.

Lesson 2: Employee/manager involvement in systems design is critical. Effective appraisal systems include input from managers and employees about appraisal practices and the criteria used to evaluate performance. Involvement of employees at all levels facilitates acceptance of the system and increases cooperation.

Lesson 3: Develop user-friendly procedures and job related forms. Effective appraisal systems need forms that are simple and easy to understand. Performance criteria, rating procedures, and feedback should be expressed in terms that are focused and meaningful for both managers and employees. It is essential that the forms assess the degree to which employees perform their job duties and achieve specific organizational goals.

Lesson 4: Employees and managers must know how the process operates and understand their roles. Surprisingly, managers frequently report that they receive very little training beyond a description of the rating form. An effective formal appraisal system cannot exist without the ongoing education of all key players in the appraisal process.

There are four basic integrated stages in the performance management process, and they require different appraisal competencies on the part of managers. Failure of managers to properly execute their responsibilities at any stage undermines the effectiveness of the entire system.

- Stage 1: performance planning;
- Stage 2: performance management and ongoing coaching;
- Stage 3: the written performance appraisal; and
- Stage 4: the performance appraisal review

Once the performance management system foundation is in place, managerial appraisal practices will determine how well the performance management process plans are translated into action.

## 2. Managerial Systems Practices

The following standard operating procedures reflect and influence the organizational performance management culture.

Lesson 5: Managers must conduct effective performance planning. At the beginning of the appraisal cycle, managers must work closely with employees to review their job descriptions and duties, set clearly defined goals, and communicate expectations of behaviors and results for which the employee will be held accountable and be rewarded. When managers conduct effective performance planning, the credibility of the formal performance appraisal is enhanced and employees are motivated to perform behaviors and activities that support the organization.

Lesson 6: Managers should provide their direct reports with ongoing informal performance feedback. Effective appraisal systems do not consist solely of once-a-year formal performance reviews. Failure to provide ongoing informal feedback allows minor, easily correctable problems to grow into more serious ones. Lack of ongoing coaching can lead to employees disengaging from work, looking for alternative employment, and demonstrating decreased productivity.

Lesson 7: Raters must be motivated to conduct effective appraisals. An organization will never achieve effective appraisal practices if the managers are not motivated to

follow procedural guidelines and use information from training to conduct effective written and face-to-face performance reviews.

Effective appraisal of managers by their supervisors signals the importance of appraisals in the organization and models proper procedure. In addition, a manager's motivation to conduct effective appraisals will increase when manager appraisals are based in part on how effectively they execute their role in the appraisal process and how well they coach their employees. Even a properly designed system will fail if these suggested managerial practices are not followed. The manager responsible for employee performance must be proficient at these activities if appraisals are to get desired results.

### 3. Performance Management System Support

The performance management system support directly affects managerial motivation to perform required activities diligently. The lessons below can help companies develop effective appraisal system support.

Lesson 8: Top management must support and demonstrate effective performance management practices. For the performance management systems to be effective, they must get support from top management. Support for the effective performance management practices can be demonstrated through written and oral communications with managers and employees in memos, testimonials, videotaped messages, and company newsletters. Top executives can also show support by practicing the same appraisal practices when they appraise managers. Our research clearly indicates that when top managers don't practice what they preach, lower-level managers emulate those practices instead of stated policies.

Lesson 9: The effective performance management systems link performance ratings to organizational rewards. Research consistently indicates that, to maximize the effectiveness of a pay-for-performance program, organizational rewards must link greater rewards to superior job performance. When employees feel that their rated performance is accurate and reflects the full range of their contributions to the

organization, their motivation to perform increases. On the other hand, when employees feel that performance ratings are inaccurate or a function of politics, they tend to perform only to minimum standards, be absent more often, engage in theft, or quit.

Lesson 10: The performance management systems require ongoing systems review and corrective action. It is important to systematically and regularly review system operations to make sure that processes and practices are being followed and are effective. Attention to all three appraisal system components and all four appraisal system stages is vital for a formal performance management system to motivate employees and to improve manufacturing organizations' competitiveness.

## 2.8 Performance Measurement

As Armstrong and Baron point out : <sup>[14]</sup>

*Measurement is an important concept in performance management. It is the basis for providing and generating feedback, it identifies where things are going well to provide the foundations for building further success, and it indicates where things are not going so well, so that corrective action can be taken. In general, it provides the basis for answering two fundamental questions : 'Is what is being done worth doing?' and 'Has it been done well?'*

Performance measures should:

- be related to the strategic goals and measures that are organizationally significant and drive business performance;
- be relevant to the objectives and accountabilities of the teams and individuals concerned – they are only effective if they are derived from statements of accountabilities and / or based on well-researched capability frameworks.
- focus on measurable outputs, accomplishments and behaviors that can be clearly defined and for which evidence can be made available.
- indicate the data or evidence that will be available as the basis for measurement;
- be verifiable – provide information that will confirm the extent to which expectations have been met;

- be as precise as possible in accordance with the purpose of the measurement and the availability of data;
- provide a sound basis for feedback and action;
- be comprehensive, covering all the key aspects of performance, so that family of measures is available, bearing in mind, that 'Effective performance is measured not merely by the delivery of results (however outstanding) in one area, but by delivering satisfactory performance across all the measures'.

### Classification of Metrics

Measures or metrics can be classified under the following headings :

- *Finance* – income, shareholder value, added value, rates of return, costs.
- *Output* - units produced or processes, throughput, new accounts.
- *Impact* - attainment of a standard (quality, level of service, etc.), changes in behavior (toward both internal and external customers), completion of work/project, level of take-up of a service, innovation.
- *Reaction* - judgment by others, colleagues, internal and external customers.
- *Time* - speed of response or turnaround, achievements compared with timetables, amount of backlog, time to market, delivery times.

In a business firm, the following non-exhaustive list of performance measures is relevant. No one indicator should be over emphasized and no one indicator should reign supreme for long in the corporate consciousness of executives or management gurus. Some performance indicators relating to various departments in a business organization are given below : <sup>[23]</sup>

#### 1. Manufacturing and Production Indicators

- production line efficiency
- reliability of component parts of the production line
- production line repair record

#### 2. Sales and Marketing

- customer satisfaction analysis
- complaints re packaging / ease of opening

### 3. People

- head count control
- skilled vs. non skilled
- labour turnover

### 4. Research and Development

- evaluation vs. basic R&D objectives, strategic objectives and project objectives
- product improvement against potential market acceptance
- R&D against technical achievement criteria, against cost and markets
- R&D vs. competition

Many executives will talk freely in terms of quality and standards, of "just in time" inventory control, and of other performance measurement yardsticks and may be quite knowledgeable about them, but when questioned as to the exact nature of the non-financial measurements that they actually have in place in the company will be hard-pressed to tell the researcher what the company is in fact measuring on an on-going basis. There is a lot of lip service paid to these measures, as opposed to those of a purely financial nature, which are of course to a great extent the product of regulation and company law. So, much remains to be done to broadcast the merits of non-financial performance measurement indicators. Most people interested in measuring performance do so for one of these reasons:

- You can't manage what you can't measure : Managers, as well as self-managing professionals and teams, cannot define what's expected, give feedback and provide recognition without performance measures.
- You can't improve what you can't measure : It's easy to say, "Let's try this new program" but without data before and after, you can't see if performance is actually improving.
- High performance teams and individuals require clear goals : Creating high performance requires a definition so you'll know it when you see it.

In addition, all high performers get there because they have a clear picture of where they're going.

- Pay for performance requires metrics : If we want to pay based on performance, we need to have some way of knowing when the payout has been earned.

In the Performance measurement process, fundamentally the following six steps are involved. Fig. No. 2.2 shows graphical presentation of the process.<sup>[24]</sup>

1. Review the Organizational Measures

This step makes sure that the measures "above" and "around" the team and individuals are known and able to be linked to their measures.

2. Define Measurement Starting Points

This step offers alternatives for identifying starting points for measurement. Selecting the best alternatives and using them to identify the team and individual results provides the basis for all further measurement.

3. Weight the Results

This step allows the relative importance of each result to be discussed and agreed upon.

4. Develop Performance Measures

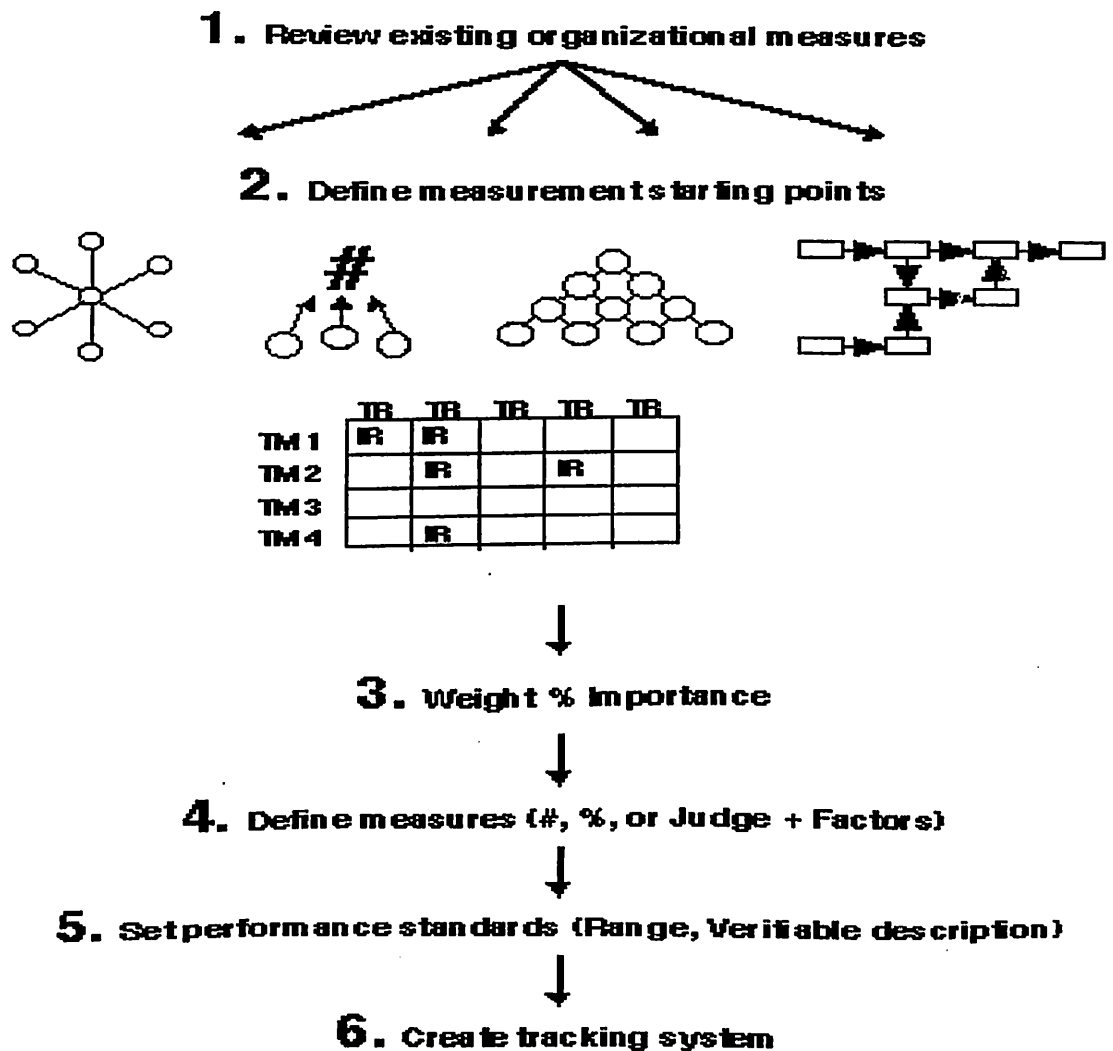
This step identifies the numeric and descriptive yardsticks that will be used to gauge how well the results have been achieved.

5. Develop Performance Standards

This step defines how well the team and individuals have to perform to meet and exceed expectations.

6. Decide How to Track the Performance

This step identifies how the data for each performance standard will be collected and fed back to the team and individuals.



Source : Zigon, J. (1998)

Fig. No. 2.2 : Performance Measurement Process

Latest Performance Measurement technique - Balanced Scorecard approach

Robert Kaplan and David Norton developed the Balanced Scorecard approach to performance measurement.<sup>[25]</sup> It is both a financial and a non-financial measure of a company's critical success factors, documented as components of a scorecard.

a) Components

- 1) Financial : The financial perspective aligns the financial objectives of the unit with the overall business strategy.



- 2) Customer : The Customer perspective aligns the company's measures to provide maximum customer value to target customers and market segments.
- 3) Internal Business Process : This is a unique value chain process, which identifies the future needs of the customers and the means to satisfy them.
- 4) Learning and Growth : It is the identification and measurement of successful drivers of the first three phases. It will enable people to develop their own competencies.

b) Implementation Process

A typical schedule is as follows :

Stage 1 : Define the vision and mission through strategic planning to identify the critical components in the company's Balanced scorecard.

Stage 2 : Form a strategic planning committee to revamp the objectives, identified in stage 1.

Stage 3 : Seek views and feedback from every member of the organization.

Stage 4 : Modify the company's Balanced Scorecard after receiving and analyzing feedback from employees.

Stage 5: Communicate the modified Balanced Scorecard to individual members. Thereafter, members will make a personal Balanced Scorecard after aligning their goals with the objectives of the company.

Stage 6 : Modify the Balanced Scorecards (personal or the company's) after review by the strategic planning committee.

Stage 7 : Review individual and company's progress for a certain period (say, quarterly) to address significant deviations quickly.

Stage 8 : Evaluate employees on the basis of the Personal Balanced Scorecard.

Stage 9 : Revise Company's Balanced Scorecard on the basis of the external and internal analysis of the company's performance and changes in macroeconomic factors .

Advantages :

- Communicates the company's goals;
- Focuses on areas like strategy, structure and vision to improve performance;

Breaks down strategic measures to local levels (unit managers, operators, and employees) to set performance standards.

## 2.9 Linkage of Performance Management to other HRM Components

Performance Management is the most important process of Human Resource Management and a precondition for the success of any organization. It is used to make sure that the whole organization is continuously developing its activities and it is linked to all sorts of other processes, as described in Fig. No. 2.3 <sup>[12]</sup>

Performance management must clearly be connected to the strategic planning and budgeting systems of the organization if it is to work in practice. It should also be closely connected to competence management and knowledge management. And performance management needs to be linked to areas of personnel management like training and development, rewarding and career planning.

### 1. Training and Development

The links with training and development processes are quite obvious. The organization must continuously make sure that the right skill sets are available. A personnel development plan is drafted for everybody in the planning and development discussions that lists their individual needs. And a summary of these needs determines the budget for the organization's training program.

### 2. Rewarding

The link between performance management and reward is not always straightforward. Firstly, when we talk about rewarding we need to remember that rewarding is must more than just salary. It is worth bearing in mind the other reward tools, viz: positive feedback, development opportunities and challenging duties are factors that can keep up work satisfaction in the long term.

A working performance management system requires that :

- the performance clearly affects the salary;
- good performance will be better rewarded than average performance; and
- poor performance is not tolerated in the long run.

Performance should have the most important effect on reward after all other factors have been taken into account and compensation should transparently increase in line with the strength of the performance. As discussed earlier, planning and development discussions should not turn into salary discussions. It is sometimes preferable to handle salary matters separately. If they are handled in connection with the planning and development discussion, they can dominate. Every now and then the long term plans of the subordinate should be dealt with in the planning and development discussions. That means not just looking at career plans but thinking about future tasks in the context of the employee's own ambitions and the company's specific needs.

### 3. Career Planning

As identifying career paths and grooming individuals into various career stages in the organizational hierarchy is an important and crucial process in any organization, the performance management process plays a vital role in planning and developing individual to the desired career stages. Identification of skill gaps through the performance management process helps in developing the career paths of the individuals.

### 4. Knowledge Management

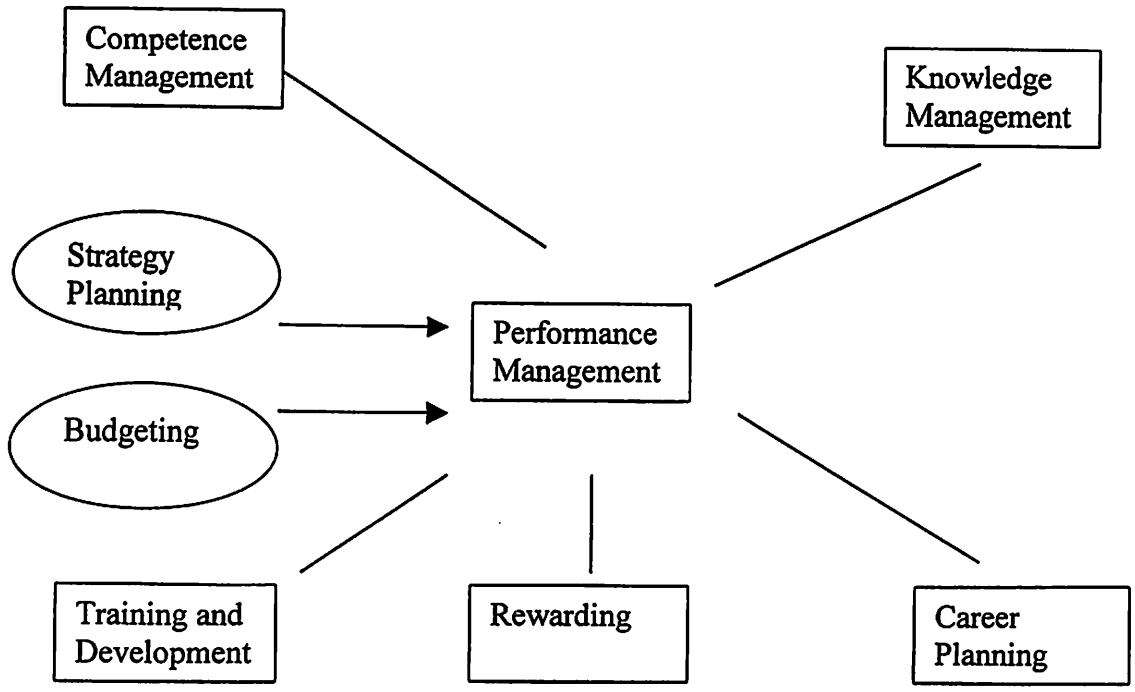
Knowledge Management focuses on 'doing the right thing' instead of 'doing things right'. The knowledge value chain treats human systems as key components that engage in continuous assessment of information archived in the technological systems. Therefore, the most important issue for organizations is to ensure that they focus on the synergy of data and information processing capacity of information technologies and the creative and innovative capacity of their human beings. What is important to understand is that sharing of information is at the core of knowledge management. It

involves having the right knowledge in the right place at the right time and all the parties in the value chain must have access to what they need.

In this context, the Knowledge Management process is attributed to the individual's creative thinking and innovations. In other words, the individuals' existing skill / knowledge levels are to be upgraded through performance management process to attain right knowledge in the right place at the right time.

## 5. Competence Management

The competence management process aims at continuously improving competencies so that the organization is capable of persistent high performance. Competence has become an important means of survival and is the only real employment security for the individual. Today organizations cannot guarantee their employees a continuous and permanent employment. For an individual the only way to guarantee his/her own employment is to take good care of his/her own competence. The individual competence must be evaluated from time to time through performance review/ feedback discussions. A personal development plan must be made for each individual. It can be used to evaluate how well competence management works in practice. Hence, it is concluded that both the processes, i.e., performance management and the competence management, are interlinked.

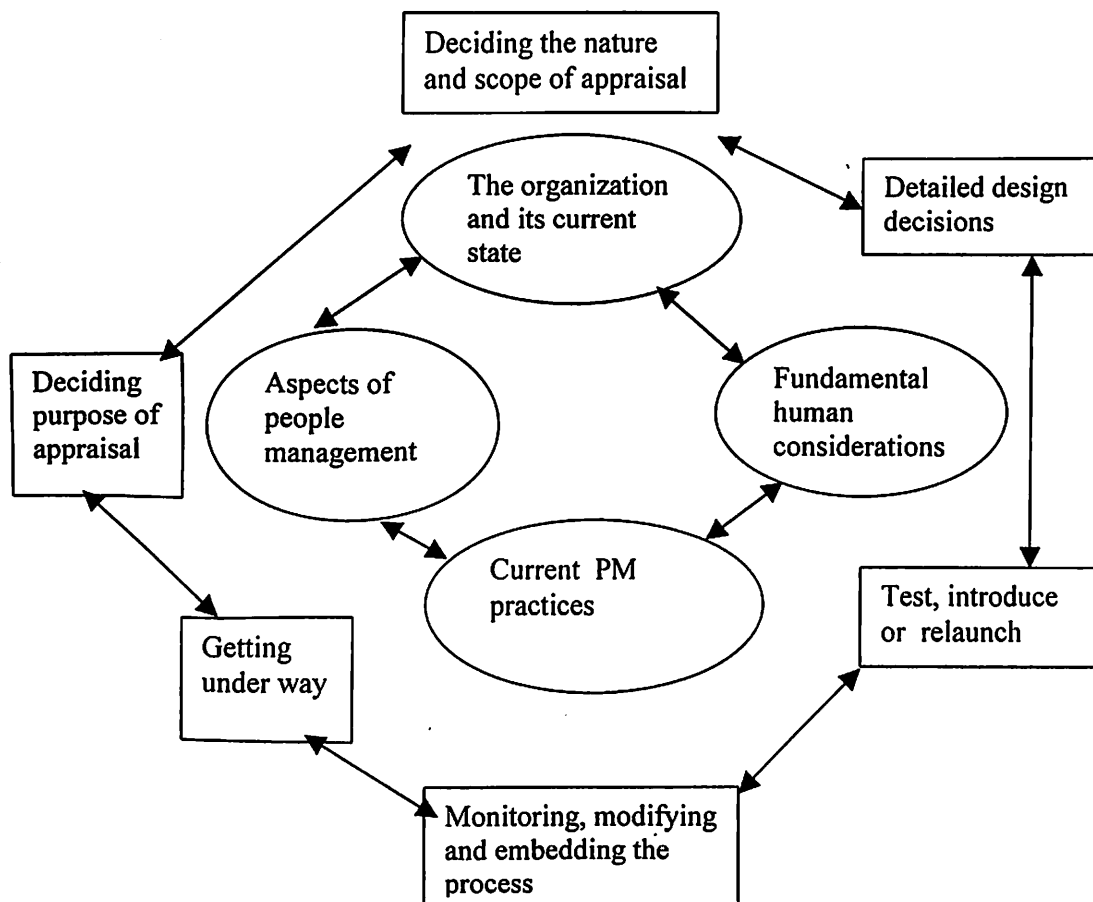


Source : Sydanmaanlakka, P.(2002)

Fig. No.2.3 : Linkage of Performance Management with other HRM components

## 2.10 Implementation of Performance Management System in Organizations - Four Foundation Issues

Performance Management process need to be complex, as necessary. They should not be simplistic. Fig. No. 2.4 presents a framework for thinking about the design and implementation of Performance Management System.<sup>[26]</sup>



Source : Bob, H.(2002)

Fig.No. 2.4 : Framework for Implementation of the PMS

This Section considers in detail the four issues in the centre of Fig. No. 2.4 above. These can make the difference between a performance management system that contributes to improving and maintaining performance and one that does not.

## 1. The Organization and its Current State

The complexion of an organization is made up of many factors, such as the skill and educational levels of employees, employee turnover, the organization's core 'business', and its size.

### A) Relevance of Performance Management Process

Any organization needs to consider the relevance of an appraisal process to its short- and medium-term outlook. For organizations in deep trouble the introduction of performance management process is unlikely to be a top priority. If the organization has unacceptably high staff turnover, the causes need to be understood before judging whether performance management will help. Organizations undergoing major changes in reporting relationships need to settle a little before performance management can contribute. However, when some stability emerges, the introduction of performance management process can help appraiser and appraisee develop mutual understanding of each other's roles and establish a foundation for high performance.

### B) Organizational Culture

Whether an organization will be receptive to introducing performance management process, and if so whether a particular approach will be acceptable, is shaped by its culture. An organization's culture signals the extent to which a particular approach to performance management process will be accepted or rejected. There may be a good reason for introducing an approach that tries to shift the beliefs and values underpinning the culture, but it would be reckless to introduce a system without taking the prevailing culture into account in the first place. Introducing the performance management process is unlikely by itself to change an organization's culture, but as one of several interventions, it may make a contribution to culture change.

## 2. Current Performance Management Practices

The following areas should be considered when assessing the extent to which important elements of performance management are in place :



### A) Clarity of Purpose and Direction

If Performance Management process is to contribute to an organization, those at senior levels will need to cascade objectives or take an informed view on the competencies that the performance management process will address. Where there is clarity of purpose and direction, the task for those designing and introducing performance management process is to make sure it helps the organization fulfill that purpose.

### B) Expressing Expectations and Measuring Performance

Performance management processes often founder even where direction is clear and people are aware of the contribution they are asked to make. The following are areas to look at :

- a) Job Descriptions : Up-to-date job descriptions help describe the job's required responsibilities, tasks and inputs, and also define its minimum requirements.
- b) Competencies : The organization may identify behaviors, attitudes, knowledge and skills that people need to exhibit and develop in order to deliver acceptable or superior job performance, and pursue their objectives over the appraisal period of (say) a year.
- c) Management by Objectives : Management by Objectives generally identifies the areas of the job's activities or 'key result areas' upon which the job-holder is expected to have an impact.

### 3. People Management

Managing people is not just about implementing formal performance management processes. The manager's perceived interest in supporting high performance, and the relationships between managers and their people, are shaped by what happens between them every day. They are also shaped by what does not happen between them. Although day-to-day it is important, there are other people management practices that need to be taken into account in order to prepare for designing and introducing or reintroducing appraisal.

These are outlined below :

- a) Succession management;
- b) Use of Competencies;
- c) Teamwork;
- d) Management style;
- e) Evaluation and improvement of people management; and
- f) Relationship between appraiser and appraisee

#### 4. Fundamental Human Considerations

The Fundamental human considerations influences on following factors :

##### A) Power Imbalance

Most of the history of appraisal is concerned with reducing or putting aside issues of power imbalance. The position power of managers and leaders is critical for the purposes of keeping people on board and on track, and appraisal helps to achieve those things. Appraisal helps management to address staffing issues and to control people, and to anticipate and solve problems. These reasons will be expressed in several ways, some of which come down to the power imbalance and some that are triggered by other concerns.

##### B) Managers' Dislike of Conducting Appraisals

Here is a sample from a range of objections frequently voiced by managers:

- Lack of confidence that agreement made with the appraisee will be followed through – ‘There’s little point in agreeing things if the company doesn’t deliver. I don’t like letting people down’;
- A feeling that formal appraisals are unnecessary – ‘I’m always appraising those who report to me’;

The Performance Management process designers will be heartened to know that some managers enjoy appraisal. They put a lot into it and get a lot out of it. Managers who have good things to say about the performance management process need to be identified and encouraged to act as role models and champions for the process within the organization.

### C) Appraisees' Dislike of Appraisals

Although some appraisees derive considerable benefit from appraisal many do not, or anticipate that they will not. Some of the main criticisms are :

- Appraisees who feel intruded upon. They just like getting on with their work and see little purpose in an appraisal discussion.
- Employees who are more or less doing the same job now as they did a year ago. They may not accept that they have anything to learn.
- Appraisees who do not like the thought of entering appraisal discussions where they fear they will be criticized.

For appraisal to be effective, a constructive relationship between the appraiser and the appraisee needs to be maintained .

## 2.11 Online Performance Management System

Online performance management applications allow managers and supervisors (as well as employees, if reviews are participatory or self-directed) to use a simple, browser-based interface to fill out performance-related documents, and obtain approvals from the necessary managers and human-resources (HR) staff. Additionally, reviewers complete their Web-based performance management and related tasks—such as compiling day-to-day feedback, writing meaningful appraisals, and providing effective coaching tips—in the easily organized online environment. According to users and vendors, Web-based performance management also can improve feedback and overall appraisal quality by increasing accuracy and agreement between employees and managers. This agreement makes it easier to set business objectives and track progress, provides meaningful development feedback, and increases the percentage of reviews completed on time. <sup>[27]</sup>

### A) Process Steps

In the Online Performance Management System, following steps are generally being followed :

- i. Every individual employee will be given a code which he/she will use for operating the performance management system. The individual code will be available with the self, his appraiser and his reviewer. This will maintain individual security and identity.
- ii. The individual goal setting / agreement with the appraiser, self-assessment, review by the appraiser and the reviewer on periodic basis; all this will be done through online system.
- iii. Critical Incidence diary will also be maintained as part of the system.
- iv. Performance rewards are linked to the individual performance ratings obtained through the online system

**B) Advantages**

- The Online System increases communication between managers and supervisors, as well as productivity and employee retention. Because paperless Performance Management via the Web is a more manageable process. Employees recognize this effort and generally get clearer direction about company goals and expectations. One compelling argument for moving performance management online is its ability to provide a constant two-way flow of information, opening up communication lines.
- By using online performance management, companies can get a better sense of their workforce's performance and develop employee skills and leadership abilities.

**C) Disadvantages**

Although, the Online Performance Management System is highly sophisticated and easy to administer, there are some limitations too :

- Since the system is entirely online, the chances of personal interactions among managers, peers, subordinates etc. are getting reduced.
- The online system may not promote openness and transparency effectively unlike traditional systems.

## Chapter 3

### Review of Literature – Performance Management

Various eminent experts have done research on the various components of the Performance Management. The Researcher made a review of literature under following five components :

- i. Performance Planning;
- ii. Performance Evaluation;
- iii. Performance Measurement;
- iv. Performance Management System Effectiveness; and
- v. Pay for Performance

#### 3.1 Performance Planning

Locke and Latham (1990) has suggested that goals, especially difficult ones, enhance performance because they tell that everyone has to try hard, and they provide a directional cue steering the performer in the right direction, while encouraging thought about the process. Feedback, when coupled with goals, informs us as to whether or not we are on the right road, and if so, whether or not more effort is needed in order to attain one's goals.<sup>[28]</sup> Thus, the combination of goal-setting early in the PMS cycle and continued monitoring of performance during the cycle should lead to increased effort and increase the likelihood that employees are moving in the right direction .

Locke and Latham (1995) said that setting goals for individuals and groups improves their performance. Although goal setting can be extremely beneficial to an organization, there are some dangers and pitfalls to avoid in the process.<sup>[29]</sup> The goal setting as part of performance planning for employees and groups is a technique that can be used to improve performance and to facilitate the accomplishment of the organization's mission and goals. But when used effectively, goal setting can inspire employees and lead them to new levels of achievement.

It has been gleaned from the review of literature that the performance planning process is highly important in the entire PMS cycle, particularly the alignment of organization's goals with individual objectives.

### 3.2 Performance Evaluation

Bacal (2001) clarified that Bi-directional performance management recognizes that for performance to improve, both manager and employee must receive feedback on how well they are fulfilling their obligations to the organization and to each other. It also recognizes that each staff member and his/her manager must clarify and negotiate expectations regarding each other's roles on a regular basis.<sup>[30]</sup>

Arvey (1998) suggested that research is progressing in traditional content areas as well as exploring new ground. The notion that job performance is more than just the execution of specific tasks and that it involves a wide variety of organizational activities has important implications for the understanding and measurement of job performance. Such a focus will result in a greater likelihood that performance will be more predictable within job contexts through the use of a larger number of predictor vehicles tapping different constructs.<sup>[31]</sup> Ultimately the effects of contextual variables will be observed through their interactions with the rater who ultimately provides an evaluation of performance .

Mohrman (1989) opined that assessing the value and effectiveness of an appraisal program is necessary for determining how to improve it. Ideally, as appraisal program designers plan for the implementation of their program, they should also plan for its ongoing evaluation.<sup>[32]</sup> A periodic, well-designed evaluation of the results of performance appraisal programs will provide the information managers and employees need to continually improve their appraisal .

Simons (2000) mentioned that there are 3 golden rules of performance review:<sup>[33]</sup>

- 1) Keep it simple : Many performance management systems are too complicated, with too much detail and associated paperwork. In setting goals, emphasize the need to work from simple first principles, with a person's position description, the unit's business plan and a clear understanding of the critical success factors for the job under discussion. Make targets and performance standards clear so each party has confidence in the process.
- 2) Make it regular : A performance management system won't work if performance isn't monitored and discussed regularly. Dusting off the performance plan at the end of a year and finding all projects changed significantly does no-one any good. Make the performance plan the working document for monitoring, and schedule regular formal discussions about performance against the plan each month.
- 3) Make it matter : Most performance management systems wither on the vine through neglect because they don't matter. If they aren't part of the regular management process, they will start to not matter. If they don't deliver any positive consequence, they won't matter. If people don't have to do them, they won't matter. Require managers to complete and use the process as part of their performance measurement.

Robertson (1996) said that performance management is critical to a manager's organizational success. Most of what a manager/supervisor does is dependent upon his ability to evaluate his resources and make sound decisions. Nowhere is evaluation more important and necessary than it is with his human resources.<sup>[34]</sup> An ongoing process of manager/employee interaction regarding job performance fosters a climate in which individuals and organizations achieve goals .

Ross (2001) urged that companies:<sup>[35]</sup>

- Adopt profit or gain-sharing practices "that equitably benefit everyone" when the organization performs well.

- Adopt open promotion and career advancement systems. Use panels of people to screen promotion applicants and to evaluate eligibility for career advancement.
- Make people responsible for their own development and professional growth.
- And, train everyone in the organization to be effective "receivers" of feedback and to integrate feedback into day-to-day operations .

Brutus and Derayeh (2002) highlighted through a study that the dynamic nature of Multisource Assessment (MSA) programs and the need for those responsible for their implementation and administration to be aware of the implications of using such a system.<sup>[36]</sup> A cursory look at the existing literature on the MSA paints an overly optimistic picture of the effectiveness of these programs; the reality of those involved in designing and administering the programs is a more nuanced story. Organizations need to engage in the MSA process with clear and realistic expectations in terms of the time and energy required to bring the process to fruition, the state of readiness of their employees, and the degree of fit between the MSA and existing HRD practices.

Acharya (2000) said that Appraising and Developing Employee Performance (ADEP) is a performance development system that helps accomplish objectives by aligning each individual employee's roles and responsibilities with the organisational and team mission, values, and strategy.<sup>[37]</sup> The ADEP provides managers and employees with role clarity, periodic performance feedback and coaching, and meaningful performance reviews.

Scottoo (2000) said that a successful performance appraisal addresses past, present, and future issues. This three-pronged approach is referred to as RAP - Review the past, Analyze the present, Plan the future.<sup>[38]</sup>

- a) Review the past : Reviewing the past year should consume about 25% of the performance appraisal and is usually accomplished with the actual written review of the employee's performance and achievements during the past year.



- b) Analyze the present : This entails discussion of the current status of the department and organization and the employee's role in both and should consume about 15% of the performance appraisal .
- c) Plan the future : Planning for the future should use up to 60% of the performance appraisal and entails conveying to employees where the department will be this time next year and in years to come and where each employee fits into that scheme.

Archer North Associates (2001) found through a survey that effective performance management systems contain two basic systems operating in conjunction: an evaluation system and a feedback system. The main aim of the evaluation system is to identify the performance gap (if any). This gap is the shortfall that occurs when performance does not meet the standard set by the organization as acceptable. The main aim of the feedback system is to inform the employee about the quality of his or her performance. One of the best ways to appreciate the purposes of performance appraisal is to look at it from the different viewpoints of the main stakeholders: the employee and the organization.<sup>[39]</sup>

Montebello (1999) said that an appraisal session can be much more productive when handled in an open, collaborative manner, much like a mentor or coach.<sup>[40]</sup> With practice any manager can conduct more effective appraisal sessions by employing this five-step approach:

- C : Create a positive climate
- O : Obtain the employee's views
- A : Add manager's views / feedback
- C : Clarify and resolve disagreements
- H : Help develop an action plan

To enhance Manager's coaching technique, one must follow the ABCs (Actionable, Balanced, Constructive) of feedback. That is, make sure feedback is actionable, balanced, and constructive.

Gabris & Mitchell (2001) have reported a disruptive bias in performance appraisal known as the Matthew Effect.<sup>[41]</sup> In performance appraisal the Matthew Effect is said to occur where employees tend to keep receiving the same appraisal results, year in and year out. That is, their appraisal results tend to become self-fulfilling: if they have done well, they will continue to do well; if they have done poorly, they will continue to do poorly. The Matthew Effect suggests that no matter how hard an employee strives, their past appraisal records will prejudice their future attempts to improve.

Roberts (1998) said that the performance appraisal process is one of the most complex activities in human resource management. There are numerous "veto points" that derail even the most carefully designed systems. Rater bias (error), unclear performance standards, inadequate documentation, attributional error, and an absence of training are a few of the factors that reduce performance validity and reliability.<sup>[42]</sup>

Harrison (1996) examined during his study that combining facets of the Management by Objectives, Behaviorally Anchor Rating Scales, and 360 degrees feedback appraisal tools makes a viable and comprehensive performance management tool.<sup>[43]</sup> Such a comprehensive tool should help in the following ways:

- Link individual performances to department goals and provide direction;
- Identify individual professional development needs (as they pertain to the position);
- Gather pertinent information from others who interact with the employee professionally.

Such information in turn should help provide pertinent feedback to individual employees regarding their job performance.

Borman (1991) examined through a survey that evaluating performance is an important function in organizations and few decisions are made in organizations that are not subject to some sort of performance evaluation. Although it is possible in some jobs to obtain objective performance information, more typically this is not the case.<sup>[44]</sup> Instead, organizations frequently rely upon some type of subjective evaluation of performance which, by the very nature of being subjective, is criticized for having errors, biases, and inaccuracies.

Hawkins and Hastie (1990) said that one bias commonly encountered in evaluations is the "outcome effect," which is a systematic overweighting of outcome knowledge by the evaluator in assessing a manager's performance. Thus, when the outcome is positive (negative), evaluators tend to evaluate the manager positively (negatively), regardless of the actual appropriateness of the decision resulting in the outcome. Hence, organizations often end up evaluating managers based upon outcomes over which they may not have control.<sup>[45]</sup>

Murphy and Cleveland (1991) noted that the dominance of psychometric and accuracy criteria has diverted researchers' attention away from three classes of criteria - reaction, practicality, decision process - that might be critical in determining the success of an appraisal system. They argued that reaction criteria (such as perceptions of fairness and accuracy of appraisal systems) may place a ceiling on the possible effectiveness of the system because acceptance by raters and ratees may be necessary but not sufficient for the appraisal system to be effective. A second set of criteria, grouped under the heading of practicality, includes time commitment, cost, political acceptability, and ease of installation. Third, decision process criteria should be considered both in terms of the degree to which appraisal decisions are accepted by members of the organization and the degree to which decisions are facilitated by the performance appraisal system.<sup>[46]</sup>

Dickinson (1992) reviewed the literature on attitudes about performance management and suggested that if negative attitudes about the performance management prevail among organizational members, performance management will be unacceptable to many members. He concluded that, if such attitudes exist, use of the performance management system may hinder rather than help the achievement of desired organizational outcomes.<sup>[47]</sup>

Dipboye and Pontbriand (1981) distinguished between employees' opinions of their performance appraisal system and employees' opinions of the appraisal itself. They found that four factors related to the two dependent variables:<sup>[48]</sup>

- a) Favorability of the appraisal;
- b) Opportunity for employees to state their own perspective in the appraisal interview;
- c) Job relevance of appraisal factors; and
- d) Discussion of plans and objectives with the supervisor.

Kavanagh (1985) extended the examination of users' perceptions of performance appraisal systems. Although users' attitudes toward the appraisal form and the broader concept of the appraisal system did not seem to differ, several attitudes toward the appraisal system were significant predictors of appraisal acceptability across studies.<sup>[49]</sup>

These included attitudes about whether :

- a. The appraisal system facilitates fair and accurate appraisals;
- b. The appraisal system allows raters to distinguish between individual proficiencies;
- c. The appraisal system provides clear performance standards;
- d. Ratees receive satisfactory feedback; and
- e. Ratees receive a satisfactory performance evaluation.

Meisler (2003) said that grading system is based on the premise that rigorous evaluation and routing of employees by their immediate supervisors on agreed-upon

abilities, skills and attitudes are not only possible, it's vital. Thus, everybody from the top down can be--and sometimes is--ranked and placed on a bell-shaped company-wide curve, or in one of four quartered-square "quartiles," or "buckets." [50]

Losyk (2002) said that Managers can change the course and outcome of the face-to-face performance appraisal interview. By following some simple guidelines, they can make appraisal interviews positive and productive while achieving the desired results for themselves and their employees: [51]

- a) Understanding Bias : The biggest challenge that impedes an effective performance review is the biases we all have. A bias can be negative as well as positive. A positive bias can cause to rate the employee higher; this is known as the "halo" effect.
- b) How to Rate Performance : In order to rate performance, a manager must define specifically the individual behaviors and skills needed on the job.
- c) The Appraisal Interview : No interview can produce positive results without adequate preparation and a commitment to a follow-up effort. It's best to look at the interview as having three distinct stages: (i) preparation (both for manager and employee); (ii) conduct of the interview; and (iii) performance of follow-up procedures.

Buzzotta & Beatty (1999) said that Performance appraisal should begin at the start of the year with goal setting, continue with periodic performance reviews, and conclude with the traditional year-end appraisal. Then it begins all over again. We call this the Performance Appraisal Cycle (PAC). [52] The PAC offers some clear-cut advantages.

- First, it instills the idea that "performance" isn't busywork; it's effort directed toward predetermined objectives.
- Second, the PAC ensures that the worker's progress will be monitored. If progress is slow or nonexistent, corrective action can be taken at once.

- Finally, to make the PAC work, a manager must treat each employee as someone distinctive.

If appraisal becomes a year-round activity, if each session follows a systematic format, and if each is adapted to the employee's characteristics, improved productivity can be expected to follow.

David (2002) suggested some tips for both managers & appraisees regarding performance appraisal process.<sup>[53]</sup>

a) Tips for Managers :

- There should be no surprises during performance reviews.
- Be specific during the review.
- Give more praise than criticism.
- There are many development areas that the appraisees need to work on, focus on three that are both achievable and can really have an impact.

b) Tips for Appraisees :

- Think positive and try to enjoy it.
- Be honest during the performance review.
- The appraisee should think himself/herself on both sides of the table. He/she must put himself/herself in his/hèr boss's shoes.
- If the appraisee's manager isn't being fair, invoke the 'grandparent' principle and get the appraisee's boss's boss involved.

McGregor (1957) found that formal performance appraisal programs have often yielded unsatisfactory and disappointing results, as the growing body of critical literature attests. Some critics even suggest that we abandon performance appraisal as a lost hope.<sup>[54]</sup> But considering the potential of appraisal programs, the issue should not be whether to scrap them; rather, it should be how to make them better. One of the reasons for failures is that companies often select indiscriminately from the wide battery of available performance appraisal techniques without really thinking about which particular technique is best suited to a particular appraisal objective.

Zigon (1998) found through a study of many organizations, that there are four keys to improve success in appraising team performance: <sup>[55]</sup>

- Tie the team's results to the organization's goals.
- Begin with the team's customers and the work process the teams follows to satisfy their needs.
- Measure both team and individual performance.
- Shoot for verifiability, don't try to measure everything using numbers.

Performance management systems can be made team-friendly by revising them to link organizational measures to the teams and individual team members. Deciding how team and individual performance will link to pay helps to define what information will be needed to make the pay decisions. Concentrating on verifiability rather than exclusively numeric measures will allow performance objectives to be set for many more team and individual positions.

### 3.3 Performance Measurement

Clay (2002) said that alignment of performance measurement with other management processes such as strategic planning, budgeting, quality improvement, and employee evaluation offers the potential for improving organization's overall efficiency and effectiveness. <sup>[56]</sup> Through alignment, leaders clearly articulate a vision and direction, managers develop operational plans to implement the vision, employees and managers monitor and evaluate results and work to improve system issues, and employees enhance their understanding of how their performance relates to the success of the organization as a whole .

Norton (1994) clarified that the balanced scorecard focuses on the "drivers" or lead indicators of future performance. Most traditional measures such as return on capital, operating profitability or economic value added are financial measures. Financial measures describe yesterday's strategy. If we want to know how yesterday's strategy worked, look at today's financials, and that means today's economic value added or

today's return on capital. Today's financials reflect the investments an organization made a year ago. The balanced scorecard, as the name implies, achieves a balance between these lag indicators and the lead indicators that need to be focused on to make things happen. That's an important distinction. The balanced scorecard does not replace financial measurement. It doesn't replace economic value added. Rather, it complements it.<sup>[57]</sup>

Richardson (1997) said that to ensure that any organization is successful in creating the balanced scorecard, and performance management culture, it wants, be sure to establish the organization's Balanced Scorecard philosophy early on in the Balanced Scorecard development process.<sup>[58]</sup>

Relyea and Hafner (1998) found that benefits of the balanced scorecard in a "system" environment are.<sup>[59]</sup>

- Common language for strategic thinking;
- Define excellence from different perspectives;
- Collective focus on what is important;
- Comparison data reveals best practices;
- Context for dialogue and collaboration;
- Raise the bar for performance.

Kellen (2003) said that Business Performance Measurement (BPM) systems have grown in use and popularity over the past twenty years. Firms adopt BPM systems for a variety of reasons, but chiefly to improve control over the firm in ways that traditional accounting systems have not allowed. Several approaches, or frameworks, for building and managing BPM systems have evolved with the balanced scorecard as the dominant framework in use today.<sup>[60]</sup>

Concelman (2001) said that Effective Performance Management Systems measure two components of performance: outcomes or results (the "whats" of a job), and knowledge,



skills, and behavior (the "hows" of a job). A technically skilled software designer should be able to complete all assigned projects (and perhaps more) on time, within budget, without an unreasonable number of bugs or rework.<sup>[61]</sup> So one way to evaluate technical skill is to agree upon specific measures of quantity, quality, timeliness, and cost and then to evaluate performance against those expectations.

Measuring the "hows" is more challenging, especially for a supervisor who is not "highly technical." Although some measures of quantity, quality, timeliness, and cost also could be used to measure knowledge, skill and attitude, it's usually more subjective than results measures. Given that software technology is ever changing, one way to measure technical skill is to use the completion of training courses and certifications as outcomes. Another way to measure technical skill is to get feedback from others, especially technical experts and end users or customers, on the quality and efficiency of the processes the designer uses to complete projects.

Bellows (1954) suggested that criterion measures should be reliable, realistic, representative, related to other criteria, acceptable to the job analyst, acceptable to management, consistent from one situation to another, and predictable.<sup>[62]</sup>

Blum and Naylor (1978) proposed that criterion measures also should be inexpensive, understandable, measurable, relevant, uncontaminated and bias-free, and discriminating.<sup>[63]</sup>

Bernardin and Beatty (1984) compiled a large list of variables and clustered these variables into three primary categories of criteria measures: quantitative (e.g., reliability, validity, discriminability), utilization (e.g., feedback, merit pay, adverse impact), and qualitative (e.g., amount of documentation, user acceptability, maintenance costs).<sup>[64]</sup>

Zigon (1998) mentioned from his experience with various organizations that developing team measures is a straight-forward process if one keeps in mind the following points.<sup>[55]</sup>

- a) Start with the Team's Work Flow : When one gets to the team level he/she will save time by identifying the customer of the team and then defining the team's work process.
- b) Re-engineer to get the Right Measures : One must take the opportunity to re-engineer the process and identify the process steps and hand-offs that are worth spending resources to measure.
- c) Measure Accomplishments whenever Possible : Measuring behaviors is more expensive and tends to stifle creativity when compared to measuring results. One will also save time when he/she uses an accomplishment as starting point for measurement.
- d) Verifiability is the Key : One should not measure everything with numbers. If one's goal is to verify that a result was done well or not, a good descriptive measure will sometimes work much better than a poor numeric measure.
- e) Employee Objectives = Team + Individual : One must measure a combination of both team and individual objectives.

### 3.4 Performance Management System Effectiveness

Rich (2002) mentioned that the key to improving performance is to :

- i. Focus performance management efforts on improving business results;
- ii. Shift accountability and ownership of managing performance to individuals and line coaches instead of just the boss or HR function; and
- iii. Use a custom process that draws on robust business results regularly, instead of a once-a-year transaction and a one-size-fits-all process for different employee groups.

Companies that have made one or more of these three shifts have cut costs by double-digit levels, improved growth rates and reduced unwanted employee turnover.<sup>[65]</sup>

Voge and Moore (1996) mentioned that according to Survey by Hay Consultants, it reflected a mixed picture of how performance management works in practice. Key problems experienced, and felt by employees, are that the performance management process is:-

- A “once a year” event.
- Poorly communicated and inadequately supported by training.
- Negatively focused (punitive rather than positive).
- Done badly by managers (not recognizing good performance, not dealing constructively with poor performance, and being “too busy”).
- Over reliance on forms and procedures.
- Applying ratings which are inconsistent and unfair.
- Objectives which are unrealistic or rapidly out dated.
- Lacking clear senior management commitment.
- Poorly linked with the reward system.

These issues are frequently associated with the way performance management processes have been implemented.<sup>[66]</sup>

Sunlin (2003) mentioned that Organizations frequently identify one or more of seven elements as the most "challenging" when implementing performance management systems. These are not insurmountable obstacles, but elements that require the greatest attention and work. If not addressed, they can cause the performance management system to fail.<sup>[67]</sup>

The following seven challenges require the greatest implementation effort to prevent system failure.

- a) Measuring/evaluating dimensions,
- b) Keeping leaders focused,
- c) Linking job descriptions to performance management,
- d) Implementing performance management for staff,

- e) Linking compensation to performance management,
- f) Matrix management,
- g) Keeping the system alive.

Successful organizations are discovering performance management as a critical business tool, one that plays an important role in translating business strategy into results. Those individuals responsible for implementing and maintaining the performance management system must ensure that their management team understands the potential of effective performance management and is committed to its success .

Bacal (1999) concluded in the Conference Report on 'The Best of Performance Management Conference' that it appears that performance management is exhibiting a resurgence as more and more companies are looking to it as a critical competitive, value-added part of management. It is also a safe bet that people are very much confused about how to do it, since there are so many alternatives and options. Clearly, though people want answers (perhaps quick fixes) and want them fast.<sup>[68]</sup>

Dunn (2001) said that if one decides that the employee can go from poor to powerful performance, then coach, monitor, and praise him/her. Develop a performance improvement plan together with the employee, and help him/her move toward manager's mutual goals. Then monitor his / her achievements, give continuous feedback, and praise his / her accomplishments. By documenting coaching sessions, problems, and performance, manager will have the paper trail that supports disengagement.<sup>[69]</sup>

Bacal (2002) said that it is important that performance problems be addressed as soon as they occur, and the factors like :

- a. Aptitude;
- b. Skill level;
- c. Understanding of task;
- d. Choice to expend effort;

- e. Choice of degree of expend to effort;
- f. Choice to persist; and
- g. Outside factors

be examined to determine whether they are contributing to the problem.<sup>[70]</sup> By working with the employee in a cooperative way, it is possible to identify and remediate some of the underlying causes of work performance problems.

Bacal (1998) examined that a good staff performance management system normally consists of the following features.<sup>[71]</sup>

➤ Open, fair and objective

The system designed should aim to facilitate objective and fair assessment by the management and encourage frank and constructive feedback of appraisees;

➤ Competency based

Competency refers to the knowledge, attributes, attitude and skills required to perform a job effectively;

➤ Staff performance management cycle is a continuous process which involves :

- performance planning;
- continuous coaching and development;
- interim review; and
- performance appraisal.

Nichols (2002) said that there are many conditions that must be met before employees can perform assigned tasks as expected. If any of these many conditions are not met, task performance can be hampered or prevented. Only two of these conditions involve employee knowledge, skill or attitude.<sup>[72]</sup> Eight general conditions of task performance are as follows:

1. Task Clarity
2. Task Competence
3. Task Consequences
4. Task Competition
5. Task Cooperation

6. Task Control
7. Task Commitment
8. Task Character and Context.

Zigon (1998) examined from various studies that the Performance Management Systems have tremendous return on investment potential. Because they address the most common causes of employee performance deficiencies (unclear expectations, poor feedback and dysfunctional incentives). Effective performance management depends on a combination of technical and soft skills. Supervisors must know how to define performance standards and design feedback systems. But without interpersonal, negotiation and coaching skills the human aspect of the system will cause the system to fail.<sup>[73]</sup>

Laske (2002) said that Performance management requires a different approach depending on whether we are only measuring work Output, or are taking the performance measurement formula:  $Input \Leftrightarrow Environment = Output$  into account.<sup>[74]</sup> In short, companies increasingly need proactive performance management. The good news is that the predictive data for it are now available. It remains to be seen whether companies can re-think their present approach, and whether HR or outsourcers will take the lead in that process.

Freeman (2003) explored that the ideal way to ensure that coaching is available to train people within the organization with the skills to provide this coaching on an as-required basis. Providing coaching is more expensive of course, even if it only involves time. However, the question becomes, "If return on investment is the measure of success, then can we afford not to do it?"<sup>[75]</sup> In the case of performance feedback, we instinctively know that managers who are not doing it, or doing it badly, are inadvertently causing a huge negative effect on both the financial and human sides of the organization.

Ellis (2002) examined through a survey that performance management is a classic case of not being about design, but about intent and execution. With this in mind, five proven and integrated strategies for improving the impact of performance management should be considered.<sup>[76]</sup>

- Invest heavily in the performance model, or ethic, of the organization.
- Explicitly connect individual and team goals to relevant strategic business objectives.
- Integrate disciplined enterprise performance management with individual performance management.
- Create an environment that fosters great feedback.
- Build close partnerships between managers and employees for performance improvement.

Gagne (2002) found through research that a dozen actions that are critical to successful performance management

1. Link performance management to business goals;
2. Set clear expectations;
3. Involve employees;
4. Use multiple information sources;
5. Provide continuous feedback;
6. Evaluate employees against both results and the way they achieve them;
7. Keep the process flexible;
8. Keep the process simple;
9. Web-enable the process;
10. Standardize performance criteria;
11. Measure results; and
12. Drive it from the top.

“Leading companies are keenly aware of the need to link performance management to corporate objectives. They want everyone’s efforts to be forward-looking and aligned to the corporate strategy. This kind of corporate-wide alignment promises to maximize results,” said Gagne.<sup>[77]</sup>

Dunn (2001) found that before any manager decides, one should take time to evaluate management approach and the employee's capability. Then develop a plan that supports an employee with high potential, or redirects the employee to another employer.<sup>[69]</sup>

Step One : Evaluate the employee and his job role .

Step Two: Once the assessment is done on the factors that contribute to an employee's poor performance, the manager needs to develop a strategy and action plan.

Once it is decided that the employee can go from poor to powerful performance, then coach, monitor, and praise him. Develop a performance improvement plan together with the employee, and help him move toward manager's mutual goals. Then monitor his achievements, give continuous feedback, and praise his accomplishments.

Campbell (2002) found in a survey conducted for 163 organizations across the UK and Ireland that two thirds of HR practitioners described performance management as 'quite' or 'very' effective in driving organizational performance. Performance management is one mechanism, which when implemented effectively can achieve this goal.<sup>[78]</sup> Five themes have been identified for implementing performance management effectively :

- 1) Focus on core objectives;
- 2) Emphasize inputs as well as outputs;
- 3) Create Ownership;
- 4) Use a Simple Structured Process; and
- 5) Build the Skills.

Sparrow and Budhwar (1997) surveyed that the abuse of Performance Management practices adversely impacts Indian employees who have already been described as low on 'efficiency emphasis', that is, low on initiative for process improvement, low on risk-taking propensity to increase productivity and low on self-monitoring inclinations.<sup>[79]</sup>



## 2.5 Pay for Performance

Gettler (1999) found after a study of 1000 sales employees from 200 businesses that Performance appraisals may deliver plenty of feedback for employees, but they seem to have little connection with pay rises. In most organizations, most of the reward is based on seniority," he said. "The percentage of pay linked to performance appraisal is usually ... 6 or 8%, or even less than that".<sup>[80]</sup>

Wiscombe (2001) examined that while pay for performance can be a solution for some organizations in search of new compensation concepts, it's not the answer for every company. Design is important, and the downside can be steep. At a time of economic slowdowns and uncertainty, a compensation concept such as pay for performance is particularly tempting and increasingly popular. A survey conducted by Hewitt Associates LLC found that nearly 8 in 10 companies have some kind of variable pay system, up from fewer than 5 in 10 in 1990. It's an understandable trend at a time when revenues slump, stock options shrivel, and across-the-board raises just aren't feasible for many organizations.<sup>[81]</sup>

Fuller and Tinkham (2002) found during his survey that for most organizations, the greatest single investment they make is in people. Yet many companies are unable to maximize business performance through people, especially in tough economic times. New analysis presented that organizations worldwide are decreasing compensation rewards to their employees. As this trend is expected to continue in 2002, it is increasingly important for companies to use their remaining reward budget effectively to differentiate the rewards of the top performers, thus driving an increase in the return on investment (ROI) on human capital investments.<sup>[82]</sup> The challenge of reward differentiation is not likely to get better in the near future, as pay increase budgets are steady or decreasing. Companies would be wise to send clear and consistent signals to employees that motivate and reward superior performance.

Gouldner (1960) examined that Social exchange theory and norms of reciprocity posit that employee attitudes are, in part, contingent upon the pay they receive from the organization. It might be reasoned that there is a greater opportunity to achieve an equitable exchange between employees' performance and the compensation they receive when there is a performance management system that attempts to objectively measure and reward performance at the individual level, as opposed to indiscriminately paying individuals across-the-board without consideration of their individual performance contributions.<sup>[83]</sup>

Christopher (2002) studied the factors underlying the implementation of the merit bonus program-specifically reward contingency, feedback, goal quality, and involvement in goal setting-would be positively associated with employee satisfaction and performance.<sup>[84]</sup>

Reward contingency, feedback, and goal quality were positively related to each of the outcome variables. Employees who reported high levels of these constructs also reported higher levels of satisfaction and responded that the plan had improved their job performance. However, no indication of a relationship between participation and any of the three outcome variables was evidenced. Employees who perceived that they had high levels of involvement in setting their goals did not report that satisfaction or performance had been enhanced.

Katcher (2004) said that employees typically want to be paid commensurate with the quality of their job performance. Doing so requires a carefully constructed pay program, a commitment from supervisors, and well-orchestrated communications to employees about their pay.<sup>[85]</sup>

Abernathy (2002) said that Profit-indexed performance pay may help combine group and individual performance pay plans and create an organization-wide performance pay system.<sup>[86]</sup>

It is a system that focuses on the following in relation to incentive payouts:

- Direct relationship to improved profitability.
- Alignment of employee and organizational goals.
- Employee focus on a balanced set of performance measures that drive overall organizational business objectives.

Each organization employs the same basic framework but customizes each component to meet its philosophy, culture and strategy.

Risher (2002) said that Merit pay needs to be planned and managed in the broader context of performance management. If it is out of sync with the way people in the organization think about performance, it is going to be ignored or become a source of disruption. It will be advantageous to assess the way performance management is handled and to decide how merit pay can best support that process.<sup>[87]</sup>

## Chapter 4

### Identification of Research Gaps

Based on the literature review, the researcher has explained at Table No. 4.1 some of the major researches carried out on the performance management process. The research gaps were also identified in each component of performance management process, viz: Performance Planning, Performance Evaluation, Performance Measurement and Performance Management System Effectiveness.

**Table No.4.1 : Major research carried out on Performance Management Process**

Author	Source	Research Findings
<b><u>Performance Planning</u></b>		
Stark	Report by Hay Consulting (1997), 'Performance Management : Confidence Building case studies' <sup>[88]</sup>	It was examined during a study that most admired Companies set more challenging goals, link the compensation of their executives more closely to the completion of those goals, and are generally more oriented toward long-term performance.
Taylor & Pierce	Public Personnel Management (1999), 'Effects of Introducing a Performance Management System on Employees' subsequent Attitudes and Effort' <sup>[89]</sup>	It was found after a study that Performance planning & goal setting component of Performance Management Systems may have quite a beneficial impact on employees' subsequent attitudes toward supervision and organizational commitment, particularly for lower-performing employees.

Author	Source	Research Findings
Zigon	ZPG Performance Management eNewsletter, (June 2003), 'Goal-setting Best Practices' <sup>[90]</sup>	It was found after a study of many organizations that review of the goals drafted by employees and reviewed and refined by their managers showed a significant improvement in both the measurability of the goals as well as a marked improvement in their alignment with corporate goals.
Warner	'Management by Objectives for Sales Departments' <sup>[91]</sup>	It was found in a survey that Management by Objectives (MBO) is an effective planning, control, and development system; it is not an effective performance evaluation or reward system. Secondly, the MBO is a bottom-up, process-oriented and team-oriented planning system, not a top-down one.
<p><b>Remarks :</b> In the performance planning component of the performance management process, mostly the researches were carried out on linking of the goal setting process to effective supervision , measurability and employee satisfaction. Keeping in view the Indian cultural factors, empirical studies on performance planning process for both appraisers and appraisees is very limited.</p>		
<p><b><u>Performance Evaluation</u></b></p>		
Pfau	HR Magazine (Jan.2002), 'Does 360 degree Feedback Negatively Affect Company Performance' <sup>[92]</sup>	As per Watson Wyatt's 2001 Human Capital Index (HCI), an ongoing study of the linkages between specific HR practices and share-

Author	Source	Research Findings
		holder value at 750 large, public traded companies, found that 360-degree feedback programs were associated with a 10.6 percent decrease in shareholder value. It does mean organizations should take a second look at their performance management programs to see if they are accomplishing what they are supposed to .
Ghosh and Ray	Journal of Managerial Issues (July 2000), 'Evaluating Managerial Performance: Mitigating the Outcome Effect' <sup>[93]</sup>	It was found during his study with sixty undergraduate students that outcome effect can be mitigated by providing the evaluator more accurate information about the nature and extent of uncertainty in the form of a range of probabilities rather than as a point or precise estimate.
Eileen	'Appraisal Implications' <sup>[94]</sup>	She demonstrated through her research that commitment is a key component of effective appraisal. Commitment to improvement is related both to the appraiser's dedication to improve on the way that he/she interacts with Appraisees and it also relates to the way that

Author	Source	Research Findings
		Appraisers and Appraisees are committed to change, development as part of the appraisal process itself.
Strauss	Journal of Occupational and Organizational Psychology (2001), 'An Investigation of personality similarity effects (relational and perceived) on peer and supervisor ratings and the role of familiarity and liking' <sup>[95]</sup>	It was examined through a study effect of similarity in performance ratings in two data sets (peers and supervisors). It was found that there was minimal support for a relationship between relational personality and performance ratings in either set. However, perceived personality in these same dimensions related strongly to performance ratings.
Sulsky and Keown	'Improving the Quality of Performance Appraisals Through Rater Training' <sup>[96]</sup>	It was found that one particular area of research has focused upon Frame-Of-Reference (FOR) training. The goal of the FOR training is to calibrate raters so that raters all agree on the relevant dimensions of performance to be evaluated, and employ the same performance standards such that the meaning of "effective" and "ineffective" is the same across evaluators. The FOR training helps improve the ability of performance evaluators to accurately

Author	Source	Research Findings
		evaluate employee performance. The FOR training has stimulated some thinking and interest in what we see as a critical component of an effective Performance Management System.
<p><b>Remarks :</b> In the performance evaluation component of the performance management process, the major researches were carried out on outcome effect, commitment of managers to performance appraisals, performance rating, FOR training etc. Again studies on perceptual differences of appraisers and appraisees on performance evaluations in Indian context, is very rare.</p>		
<p><b>Performance Measurement</b></p>		
Hedge and Teachout	Group & Organization Management (2000), 'Exploring the Concept of Acceptability as a Criterion for Evaluating Performance Measures', <sup>[97]</sup>	It was found during their study that motivation to rate, trust in others, and situational constraints were predictive of acceptability for both supervisors and job incumbents. In addition, differences in acceptability were found across rating sources and rating forms, with supervisors' perceptions more favorable than job incumbents' and a global rating form significantly less acceptable to all raters.
Beyerlein	Centre for Collaborative Organizations (1995), 'Performance Management Study for Research and Development Teams', <sup>[98]</sup>	It was revealed after a study that the most important level of performance measurement occurred at the business unit level followed next by the individual level while team level



Author	Source	Research Findings
		performance measurement was found to be unrelated to actual team performance.
Landy	Journal of Applied Psychology (1978), 'Correlates of perceived fairness and accuracy of performance evaluation' <sup>[99]</sup>	He was the first researcher to examine attitudinal factors empirically as they relate to job performance measurement. He identified four significant predictors of perceived fairness and accuracy of performance appraisals: (a) frequency of appraisal; (b) plans developed with the supervisor for eliminating weaknesses; (c) supervisor's knowledge of the ratee's job duties; and (d) supervisor's knowledge of the ratee's level of performance.
Lingle	Management Review (March 1996), 'From Balanced Scorecard to Strategic Gauges: Is measurement worth it?' <sup>[100]</sup>	It was found after his research that Measurement-Managed companies outperform those organizations that are less disciplined. The successful companies not only track financial performance and operating efficiency,

Author	Source	Research Findings
		but also pay close attention to customer satisfaction and human resources.

**Remarks :** In the performance measurement component of the performance management process, the major researches were carried out on differences in acceptability over rating sources & rating forms, effective linkage of performance measurement to business unit & individual levels, relation of attitudinal factors to Job performance measurement, linkage of measurements to success of organizations etc. But studies on effective linkages of performance measurements to organizational goals are very limited. In fact, the application of balance scorecard concept in Indian context is of extremely limited.

**PMS Effectiveness**

Sacht	'Critical success factors to support the management of performance in public and private sector organizations' <sup>[101]</sup>	It was found during his study with both developed and developing countries that best practice organizations see performance management as a dynamic, ongoing process that helps them achieve business goals and helps individuals focus on high-payoff activities that improve performance. The study also showed that performance management is used to establish and to reinforce the competencies for the development of performance.
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Author	Source	Research Findings
Spears and Parker	American Business Review (2002), 'A Probit Analysis of the Impact of Training on Performance Appraisal Satisfaction' <sup>[102]</sup>	It was found during a survey that new employee training, in-house training, and support for continuing education each reduces the probability of employees being dissatisfied with the performance appraisal process.
Gabris and Ihrke	Review of Public Administration (2000), 'Improving Employee Acceptance Toward Performance Appraisal and Systems' <sup>[103]</sup>	It was found during a survey that attitudes change from before to after implementation of performance management systems. The findings indicate that leader credibility and motivation to change on the part of the leader significantly increases employee acceptance toward performance management and merit pay.
Sparrow and Budhwar	Journal of World Business (1997), 'Competition and Change : Mapping the India HRM Recipe Against World-Wide Patterns' <sup>[79]</sup>	It was found after a study that Performance appraisal process is relatively underemphasized factor in Indian managerial practices which will jeopardize the external strategic competitiveness of Indian firms.
Mendonca and Kanungo	Routledge (1990); 'Performance Management in Developing Countries' <sup>[104]</sup>	It was examined that productivity of work cultures in Indian organizations is jeopardized by Performance Management practices that appear to

Author	Source	Research Findings
		be biased, ad-hoc and unintegrated into a globally competitive HRM system
Lindsay and Petrick	Delray Beach, FL: St. Lucie Press (1997), 'Total Quality and Organisational Development' <sup>[105]</sup>	It was studied and found lack of Indian Performance Management practices formally integrated into a quality performance-based HRM system allows Indian managers to over-control and under-control employees.
Kanungo and Misra	International Journal of Psychology (1988); 'The Bases of Involvement in Work and Family Contexts' <sup>[106]</sup>	It was examined after a thorough study that Indian managers have been criticized for not involving employees in the Performance Management process. The prevailing absence of the mutual influence in India, especially managerial receptiveness to employee feedback, has provoked resistance to the effectiveness of Performance Management Systems.
Amba Rao	Journal of Business Ethics (1993), 'Multinational Corporate Social Responsibility, Ethics, Interactions and Third World Governments: An Agenda for the 1990s' <sup>[107]</sup>	She studied through empirical research that Managerial values, e.g. approaches to power, decision making, organizational ethics priorities and ethical work climate, are an important context for effective

Author	Source	Research Findings
		HRM practices and, therefore, to performance appraisal.
Amba Rao	International Journal of HRM (Feb.2000), 'Comparative PA practices & management values among foreign and domestic firms in India' <sup>[108]</sup>	It was found that employee involvement and successful experiences will help reduce employee anxiety and skepticism towards performance management process in Indian firms.

**Remarks :** In the performance management effectiveness component, major studies were carried out on the attitudinal changes before and after implementation of performance appraisals, Indian managerial values on performance appraisals, adhoc Indian management practices of performance appraisals etc. But studies on factors contributing to effectiveness of performance management process, identifying organizational characteristics which will influence effectiveness of the process, studying and comparing developmental oriented vis-à-vis multi-objective performance management processes are extremely limited in Indian context.

Based on the literature review, the researcher found that previous research studies focused mainly on Process, Content and Outcome variables which are associated with the satisfaction with Performance Appraisal System. It has also been found that past research studies narrowly focused on the Performance Appraisal Systems and very few empirical studies have been undertaken in Indian context on the effectiveness of the Performance Management processes and its alignment with organizational goals.

Also, largely past research studies were conducted in Western cultures and a limited research work has been carried out on the effectiveness of the Performance Management Systems in Eastern cultures.

Hence, the Researcher had decided that it would be worth studying the Effectiveness of the Performance Management Systems in Indian Companies.

Based on the problem formulation, the researcher has discussed various components of the research methodology, viz: Research Hypothesis, Method of sampling, Sample size, Variables, and Data Collection in the following pages.

## Chapter 5

### Research Methodology

In this Chapter, the Researcher has discussed various components of the Research Methodology, viz: Research Hypothesis; Method of sampling; Sample size; Research Variables; Instrument Development and Validation; and Data collection methods.

#### 5.1 Research Hypothesis

Mendonca and Kanungo (1990) surveyed and found that Performance Management in India has been a difficult issue, yet it is fundamental to other HRM actions that involve developmental (e.g., coaching and training) and evaluative (e.g., pay and promotion) aspects.<sup>[104]</sup> The current empirical study is dealt with Effectiveness of the Performance Management Systems which includes Content (objectives, awareness, performance planning etc.); Process (feedback, review, grievance mechanism etc.); Output (rewards/recognition, development value, administrative value etc.); and Organizational Characteristic (support mechanism, facilitation for effective performance reviews, superior-subordinate relations, management support etc.) components.

Based on the first objective in the present study, i.e. to identify factors responsible for the Effectiveness of the Performance Management Systems in organizations, the Researcher has formulated first Hypothesis, as given below :

##### Hypothesis 1 (H1)

Performance factors like System Awareness, Performance Planning, Feedback Mechanism and Support Systems are more likely to influence the Effectiveness of the Performance Management Systems in Indian Companies.

In a culture of relatively high power distance and hierarchical relationships which percolates into work relationships, full involvement & facilitation by Indian managers in the Performance Management process is very crucial for inculcating performance

culture in Indian Companies. While many authors have suggested linkages of the Performance Management Systems with other HR sub-systems like Career Planning, Reward Mechanism, Support Mechanism, etc., it is very essential to study the influence of these characteristics on reactions of Appraisers & Appraisees which in turn will have effect on the effectiveness of the Performance Management processes.

As the second objective in the present study is to identify a set of organizational characteristics which are likely to influence the reactions of the Appraisers and the Appraisees and to explore their influence vis-à-vis appraisal system variables on effective implementation of the Performance Management Systems, the Hypothesis followed from this is as follows :

### Hypothesis 2 (H2)

Linkages of the Performance Management System with other HR sub-systems like Career Planning, Reward Mechanism, Support Systems etc. are more likely to influence reactions of Appraisers and Appraisees vis-à-vis Effective Implementation of the Performance Management Systems.

Most firms in India recognize and conduct some form of performance review for supervisors and managers, but its process and purpose may differ among the firms.<sup>[109]</sup>

Use of the Performance Management process for both evaluative and developmental purpose is relevant for effective allocation of resources and for employee motivation and reward. These actions are consistent with other HRM components as part of an integrated, strategic HRM system. Further, an equitable system calls employee feedback and adjustment of the Performance Management process and outcome as warranted. These two basic elements of the Performance Management process are addressed in this study.

Despite common cultural effects on Indian firms, the evidence of performance management practices and the nature of the firms suggest a rationale for differences among the firms' approaches. As for Private Investor (PI) firms, these large



corporations increasingly use professionals in the HRM function and are driven by a domestic comparative market.<sup>[110]</sup> Hence, they are likely to use the performance management process as an information system for developmental and evaluative purposes, although the supervisors may not necessarily share and discuss the results at length with the employees, keeping the results as confidential reports.

From the third research objective, i.e., to study and compare a development oriented Performance Appraisal System against a multi-objective Performance Appraisal System, their impact on effective implementation of Performance Management System, the Researcher has formulated a Hypothesis, which is given below :

### Hypothesis 3 (H3)

Indian Managers are more likely to use performance appraisal systems for administrative purposes than for developmental purposes which impacts overall Effectiveness of the Performance Management processes.

Indian managers have been criticized for not involving employees in the performance management process.<sup>[104]</sup> The prevailing absence of mutual influence between Indian managers and their employees with regard to the performance management process, especially managerial receptiveness to employee feedback, has provoked skepticism and resistance to the implementation of formal performance management systems. Moreover, Indian Managers have already been described as low on initiative for process improvement, low on risk-taking propensity to increase productivity, and low on self-monitoring inclinations.<sup>[79]</sup> Hence, it is praiseworthy to examine the competencies / leadership qualities required for Indian managers for effective implementation of the performance management systems. It is also quite clear that this particular aspect has not been researched in earlier studies.

One of the salient features of the present study is to examine the antecedents & consequences of effective implementers of the Performance Management System. From this research objective, the researcher has formulated the following Hypothesis :

#### Hypothesis 4 (H4)

Managers having antecedents like good academic background and highly qualified professionals and consequences like effective interpersonal relationship/team working, system discipline and high achievers are more likely to implement Performance Management processes effectively.

### 5.2 Method of Sampling

With a view to represent the true picture of the companies under the study, the researcher had used purposive Random Sampling Method for selecting both the Appraiser and the Appraisee groups at the ratio of 1:3 respectively. The Appraiser and the Appraisee groups have been selected on the basis of Company size and structure. The Appraisers have been chosen from Senior and Middle Management Levels (Managers and above) and the Appraisees have been chosen from Middle and Junior Management Levels (Deputy Managers and below).

#### Sample Size

With a view to undertake good research work, the researcher had chosen **10** different Indian companies, viz: Bhiwani Textile Mills, Bhiwani; Staple Fibre Industries Limited, Nagda; Chemical Industries Limited, Nagda; Grasim Industries Limited (Cement Division), North & East Zones; Jayashree Textiles, Rishra; Birla NGK Insulators, Rishra; Indian Aluminium Company Ltd., Kolkata; Essel Mining & Industries Limited, Kolkata; Hi-Tech Carbon, Gummidipoondi; and Management Services Division, Kolkata. The response was very satisfactory.

A matrix showing the company-wise / category-wise selection of the sample size is given at Table No. 5.1.

Table No.5.1 : Companywise / Categorywise Selection of Sample Size

Category	Bhiwani Textile Mills	Staple Fibre Industries	Chemical Industries	Grasim (Cement Division)	Jayashree Textiles	Birla NGK Insulators	INDAL	Essel Mining	Hi-Tech Carbon	MSC	Total
Appraiser	12	12	9	19	8	9	8	6	4	2	89
Appraisee	36	36	27	57	24	27	24	18	12	6	267
<b>Total</b>	<b>48</b>	<b>48</b>	<b>36</b>	<b>76</b>	<b>32</b>	<b>36</b>	<b>32</b>	<b>24</b>	<b>16</b>	<b>8</b>	<b>356</b>

The Researcher has described the Company profiles, existing Performance Management Systems and also the research findings in the following pages. The researcher had undertaken personal interviews with some key officials in all the units under the study.

### 5.3 Variables for Research

After an extensive literature review in the concerned area and also lot of deliberations / discussions with eminent academicians / consultants, the Researcher had prepared two questionnaires; one for the Appraisers and the other one for the Appraisees (questionnaires enclosed at the Appendices). Four independent variables, i.e., Content variables (objectives, awareness, performance planning etc.), Process variables (feedback, review, grievance mechanism etc.), Output variables (rewards/recognition, development value, administrative value etc.), and Organizational characteristic variables (support mechanism, facilitation for effective performance reviews, superior-subordinate relations, management support etc.) and one dependent variable, i.e., effectiveness, have been chosen for the present study. The relevant questions under these variables have been included in the questionnaire.

### 5.4 Instrument Development and Validation

The questionnaire has been prepared by the Researcher in consultation with various Academicians, Consultants and standard literature in the Performance Management area. The same has also been validated / vetted by three senior Academicians in the concerned area. With a view to get maximum responses in lesser time, the questionnaire has been designed with mostly closed ended questions with multiple choices. However, a few open ended questions have also been incorporated to obtain important suggestions / feedback from the respondents. The Researcher has used the

similar questionnaire for both the Appraisees and the Appraisers to obtain perceptions on the same variables for comparison purposes.

Two different types of scales have been used in the questionnaire. Since the content variable is related to awareness part of the system, the researcher had used 2-point scale for this purpose (Yes/No). For the other variables, i.e., Process, Output and Organizational Characteristics variables, the researcher had used a 5-point Likert scale (5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree).

A pilot study was conducted by administering both the questionnaires (Appraisers & Appraisees) in one of the units under the study. Very few modifications have been made based on the feedback given by the respondents.

## 5.5 Collection of Data

The present study is based on both primary and secondary data. The Primary data has been collected with the help of specially designed structured questionnaire, personal interviews and detailed discussions held with various senior / middle / junior management staff and also with HR professionals in all the companies under the study. The researcher had taken permissions from the concerned Authorities before visiting the Units. The selected Indian Companies have been personally visited by the Researcher within a span of 6 months. The Researcher had used purposive Random Sampling Method for the collection of primary data. Most of the questionnaires were collected personally by the respondents. Since very few respondents were not available at the time of empirical study from few units, the questionnaires have been obtained by post / courier. Even the email communication method has also been used for the purpose of research.

The Secondary data has been collected from the publications / reports – Aditya Birla Group Corporate Communications, Annual Appraisal data, Monthly Progress reports, Company information, Performance appraisal formats, etc.

#### 5.6 Limitations of the Study

The study had the following limitations :

- ❖ Due to lack of permissions and also non-availability of managerial population at the time of the Researcher's visit, sufficient data could not be collected from the service sectors.
- ❖ Since the Performance Management Systems available in I.T. sector is mostly web based, due to confidentiality and other security reasons, primary data from I.T. sector could not be collected in the present study. However, the secondary data related to the Performance Management Systems have been collected from few software companies like Wipro, e-Funds International etc.

## Chapter 6

### Case Studies : Analysis & Interpretation

In this Chapter, the researcher has discussed various empirical case studies, their analysis and findings.

#### 6.1 Performance Management Practices – An Overview

Performance Management System has been existing in all the Companies under the study since last several years, but it has been formalized for Senior Management staff (e.g., General Managers and above) since 1998, popularly known as Managerial Performance and Development Plan (MPDP). The Performance Management System for General Managers and above is uniform in all the Companies under the study and the same is described in Table No. 6.1.

Table No.6.1 : Performance Management System – General Manager & above

S.No	Performance Dimension	General Manager & above
1.	KRA / Goal Setting	At the beginning of each financial year, individual KRAs/ Goals are set in alignment with business goals.
2.	Frequency of Performance reviews	Half-yearly and Yearly as per Corporate HR guidelines
3.	Self-assessment	Self-assessment is done by the individuals very systematically in accordance with individual /department performance.
4.	Appraiser's Assessment	Performance reviews for the senior management staff are done on half-yearly basis, at 2 to 3 levels above (e.g., FH, UH, BH, CHR)*. This review is based on individual/ department/business performance.
5.	Performance Appraisal Methods	Management by Objectives (MBO) method is used during Performance Planning process, self-appraisal and forced distribution methods are used during performance review process.

S.No	Performance Dimension	General Manager & above
6.	Performance Attributes	Some of the critical personal attributes like Leadership, Team Building etc. are used during performance appraisal discussions. But there is no scientific way of assessing these attributes.
7.	360-degree Feedback	The 360 degree feedback exercise is done only as a developmental activity and not in a regular and structured manner.
8.	Potential Appraisal	Potential assessment for senior management is done to identify key successors in various functions/ critical positions. Again this is not a formalized/ structured exercise.
9.	Linkage of Performance with Pay	Compensation Reviews are done on annual basis. Linkage of individual performance with pay, among other things, is one of the key elements in the compensation review proposals. Performance pay is awarded to individuals based on 4-point Achievement profile (e.g., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer)
10.	Training & Development needs	Learning & development needs are identified for all senior management staff by Corporate HR throughout the Group. This activity is carried out on annual basis, based on performance reviews. Based on the individual / business needs, training programs are designed and delivered to the concerned senior managers at Gyanodaya, Group Corporate Learning Centre . This is a very structured & systematic exercise

Source : Personal survey

\* FH – Functional Head; BH – Business Head; UH – Unit Head;  
CHR – Corporate HR

The study is divided in two parts; viz: (a) Part I – Performance Management Systems Study; and (b) Part II - The PMS implementation process. In the PMS implementation



process, the researcher has studied the perceptual differences across the appraisal variables in general and identified critical variables in particular, among the managerial population (both Appraisers and Appraisees) in the select Indian Companies. Results are then compared to identify any emerging pattern. The views of both the groups were obtained on a five point scale (e.g., 5-Strongly Agree; 4-Agree; 3-Neutral; 2-Disagree; 1-Strongly Disagree).

## 6.2 Bhiwani Textile Mills, Bhiwani

### Introduction

Grasim has a strong presence in fabrics, synthetic yarns, worsted yarn and is well known for its branded suiting Grasim and Graviera, made from different blends of polyester and viscose. Its textile plant is located at Bhiwani (Haryana). It has two spinning units with an installed capacity of 43,488 spindles and one fabric unit with an installed capacity of 120 looms in Weaving division and 13 lakh meters per month capacity of fabric production in Synthetic Process House. The Grasim brand has differentiated itself as 'the power of fashion' with several innovative fabrics such as 'Aquasoft', 'E-Stretch', 'All Seasons', 'Uncrushables' and 'Ice Touch', among others.

### Performance Management Process

There are two types of Performance Management Systems existing in the organization. One is for Senior management staff (i.e., General Managers and above) and the other one is for middle and junior management staff (i.e., Deputy General managers and below). The performance management process followed for Senior management staff is uniform. For the Deputy General Managers and below, the process followed is different in different units.

As described in the research proposal, the researcher has decided to study effectiveness of the Performance Management System per se, and also its implementation in various selected industries / units. Hence, the study has been divided in two parts :

## Part I : Performance Management System Study

The Performance Management process existing in the organization is described below at Table No. 6.2 :

Table No. 6.2 : Performance Management Process – DGMs & below

S.No.	Performance Dimension	Middle Management (Manager to Dy.G.M.)	Junior Management (Deputy Manager and below)
1.	KRA / Goal Setting	At the beginning of each financial year, individual KRAs/ Goals are set in alignment with Department/ business goals.	At the beginning of each financial year, although KRAs/goal setting exercise is done in a formal way, it is neither structured nor aligned with department/business goals.
2.	Frequency of Performance reviews	Half-yearly and Yearly as per the process prescribed for this purpose at Unit level.	Half-yearly and Yearly as per the process prescribed for this purpose at Unit level.
3.	Self-assessment	Self-assessment is done by the individuals in a systematic way for the Dy.GM/ Department Head level employees, but for others only in a ritual manner, but not systematic.	Self-assessment is done only by some individuals in a formal manner, whereas in some departments this exercise is not systematic.
4.	Appraiser's Assessment	Performance reviews for the Dy.GM/Dept. Head level employees are done on half-yearly basis. Only FH/UH/BH/UHR* are involved in the process. For others, Dept. Head/FH/UH/UHR play major roles in the process.	Although, performance reviews for this category are done on half-yearly basis, Annual reviews are done systematically. Only Dept.Head/Functional Heads play major roles in the process. Mid year reviews are not structured.

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager and below)
5.	Performance Appraisal methods	Management by Objectives (MBO) method is used during Performance Planning process, self-appraisal and forced distribution methods are used during performance review process for Dy.GMs/ Dept. Head level employees, whereas for others (e.g., Sr.Managers & below), MBO, self-appraisal, Graphic rating scale and forced distribution methods are used. Although, the performance appraisal process is structured, 100% objectivity is not achieved for Sr.Managers & below category.	The MBO method is used, though not structured, during performance planning process. During annual performance appraisal process, self-appraisal, Graphic rating scale and forced distribution methods are used. Since the appraisal process for this category is not fully structured, 100% objectivity during performance evaluations is not ensured.
6.	Performance Attributes	Generic performance attributes (e.g., Customer orientation, cost consciousness, quality etc.), are used common to all categories, based on business needs. Performance weightages allotted to each category is different.	Generic performance attributes (e.g., Customer orientation, cost consciousness, quality etc.), are used, but the performance weightages allotted to each category is different.
7.	360-degree feedback	The 360 degree feedback exercise is not carried out for this category.	The 360 degree feedback exercise is not carried out for this category.

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager and below)
8.	Potential appraisal	Potential assessment exercise is carried out for Dy.GM/Dept. Head level employees only to some extent, while for others it is not done.	Potential assessment is not done for this category.
9.	Linkage of performance with pay	Compensation Reviews are done on annual basis. Linkage of individual performance with pay, among other things, is one of the key elements in the compensation review proposals for Dy.GM/ Dept. Head level employees. For other levels (e.g., Sr.Managers & below), compensation reviews are done based on individual/ dept. performance. Overall performance ratings are awarded to individuals based on a 4-point achievement profile (e.g., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer).	Annual pay increases are awarded purely based on individual performances. The overall performance ratings are given to each individual on a 4-point scale (e.g., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer)

S.No.	Performance Dimension	Middle Management (Manager to Dy.G.M.)	Junior Management (Deputy Manager and below)
10.	Training & Development needs	Learning & development needs are identified at Unit level on annual basis, during the time of performance reviews. Necessary development inputs are given based on individual / business needs. Mostly in-house programs are organized on a regular basis.	Training needs are identified in a very structured and systematic manner. It is done on periodic basis. The Annual Performance appraisal process, among other methods, is one of the methods for identifying training needs for this category of employees. All training programs are organized in-house with external/ internal faculty.

Source : Personal Survey

\* FH – Functional Head; BH – Business Head; UH – Unit Head; UHR – Unit HR

### Part II : Performance Management Implementation Process

The researcher has done empirical survey to assess the perceptual differences across the appraisal variables in general and identified critical variables in particular, among the managers (both appraisers and appraisees). Results are then compared to identify any emerging pattern. The views of both the groups were obtained on a two and five point Likert scales.

In the analysis presented at Table No. 6.3, Mean, Standard deviation and t-values (at 95% confidence level) have been calculated. SPSS (11.0 version) package has been used for the purpose of analysis.

In the Content component variable, all the dimensions, viz: Clear communication of company objectives, Setting clear-cut performance standards in line with Job evaluation techniques, etc.,

are significant ( $p < 0.05$ ). It means there is 100% awareness and understanding of business objectives & goal setting in the organization.

With regard to process content variable, there are some perceptual differences related to the implementation process, i.e., Setting of specific and measurable goals, analytical & objective performance reviews, accepting genuine objections raised by the appraisee etc. About 55% of the population, particularly the appraisee groups, felt that the performance feedback is not effectively being done. It is clearly evident that the implementation process in the Unit is not effective.

In case of outcome variables, both the groups disagree on the rewards/recognition and variable pay related aspects ( $p > 0.05$ ). 90% of the population under the study felt the need for linkage of rewards / recognition to the performance management process.

As far as organizational factors are concerned, people in the organization are not satisfied with the support extended by the senior management. With the result, they are also not believing that the existing system will improve company's performance.

With a view to clearly show the differences existing in both the groups on all the four variables, the same have been depicted graphically at Fig.Nos. 6.1(a), 6.1(b), 6.1(c) and 6.1(d). Various dimensions related to the concerned variables have been taken on X-axis and the average Mean scores have been taken on Y-axis.

As part of the research study, the researcher has also made an attempt to examine antecedents and consequences of effective implementers.

Although the implementation process in the Unit as a whole is not effective, few managers, having some special characteristics / consequences (e.g. good discipline, effective interpersonal relations with team members and high achievers), are effectively implementing

- Collecting data from their own superiors/appraisees;
- Collecting data on overall performance / contribution to their own department / organization.

### Findings

- This research study clearly shows that although there is a good understanding and awareness about the content of performance management system in the organisation, implementation process is not effective.
- When the researcher used personal interviews technique with some senior managers / junior managers, it has been clearly emerged out that junior level managers are not satisfied with the process. They further mentioned that there are no regular performance coaching / feedback sessions prevailing in the unit.

Table No. 6.3 - Analysis - Bhiwani Textile Mills

Q.No.	Variable	N1(Appraisee) = 36		N2(Appraiser) = 12		Mean Diff.	T-Value
		Mean	Std Dev	Mean	Std Dev		
<b>Content Component Variable</b>							
1	Company communicate objectives	0.89	0.32	1.00	0.00	-0.11	1.19 *
2	KRA Communication by superiors	0.93	0.27	1.00	0.00	-0.07	0.95 *
3	Alignment of performance with business objectives	0.96	0.19	1.00	0.00	-0.04	0.66 *
4	Considering the views of appraisees in goal setting	0.96	0.19	1.00	0.00	-0.04	0.66 *
5	Clear-cut performance standards	0.81	0.40	0.92	0.28	-0.10	0.82 *
6	Adequate opportunity reg.hindering/helping factors	0.93	0.27	1.00	0.00	-0.07	0.95 *
7	Specific feedback to appraisees	1.00	0.00	1.00	0.00	0.00	0.00 *
8	Laying down clear roles to appraisees	0.96	0.19	0.96	0.20	0.00	0.07 *
9	Help by JE techniques to identify clear responsibility	0.81	0.40	0.92	0.28	-0.10	0.82 *
<b>Process Component Variable</b>							
12	Well written KRA/goals	4.15	0.66	4.04	0.62	0.11	0.49 *
13	Setting specific and measurable goals to appraisees	3.85	0.53	4.21	0.41	-0.36	2.11
14	Best use of appraisees skills and abilities	4.04	0.52	4.17	0.64	-0.13	0.71 *
15	Analytical & objective during performance review	3.85	0.53	4.25	0.53	-0.40	2.23
28	Giving honest performance feedback during review	3.78	0.70	4.21	0.51	-0.43	1.96*
31	Appreciating subordinates for genuine objections	3.56	0.70	4.13	0.68	-0.57	2.46
32	Genuine objections will improve superior's performance	3.37	0.74	4.29	0.62	-0.92	3.86
<b>Output Component Variable</b>							
18	Merit pay is linked to individual performance	3.19	1.11	3.79	0.78	-0.61	1.75*
19	Variable pay component makes distinction	3.22	0.85	3.88	0.85	-0.65	2.31
20	High potential employees retained thro' rewards	4.33	0.73	4.50	0.59	-0.17	0.71 *
21	Use performance appraisal data in rewards/recognition	3.59	0.57	4.04	0.55	-0.45	2.37
22	Use performance appraisal data in admn.transfers	3.26	0.81	3.58	0.65	-0.32	1.25 *
23	Use performance appraisal data for disciplinary action	3.00	0.96	3.17	1.09	-0.17	0.50 *
24	Existing reward system good motivational tool	3.41	0.89	3.33	0.87	0.07	0.25 *
25	PA data revealing strengths & weaknesses	3.78	0.89	4.04	0.69	-0.26	0.93 *
26	Performance appraisal data to help individuals	4.07	0.47	4.08	0.72	-0.01	0.05 *
27	Use performance appraisal data for career planning	3.48	0.85	3.92	0.83	-0.44	1.55 *
40	PMS is implemented with development focus	3.78	0.51	3.96	0.69	-0.18	0.97 *
<b>Organisational Characteristic Variable</b>							
16	PA process to assert superior's authority	2.67	1.18	2.58	1.25	0.08	0.21 *
17	Discussing all issues during performance review	3.89	0.64	3.83	0.64	0.06	0.26 *
29	Giving specific examples during review meeting	3.67	0.68	3.83	0.76	-0.17	0.71 *
30	Performance feedback helpful in subordinate's performance	3.70	0.72	4.00	0.78	-0.30	1.20 *
33	Getting good support from superiors	4.07	0.73	4.42	0.50	-0.34	1.51 *
34	Management taking care in career aspirations	3.59	0.80	3.88	0.61	-0.28	1.12 *
35	Management most concerned about human capital	3.59	0.80	3.83	0.82	-0.24	0.90 *
36	Extending full support to subordinates	4.04	0.59	4.42	0.50	-0.38	2.00 *
37	Setting reasonably high performance standards	3.96	0.52	3.96	0.75	0.00	0.02 *
38	Setting high performance standards is a good motivation	4.04	0.65	4.29	0.55	-0.25	1.22 *
39	Mgmt. makes efforts in smooth implementation of PMS	3.74	0.59	3.92	0.58	-0.18	0.89 *
41	Effective implementation improves Company's performance	4.04	0.52	4.38	0.58	-0.34	1.91 *

\* p < 0.05



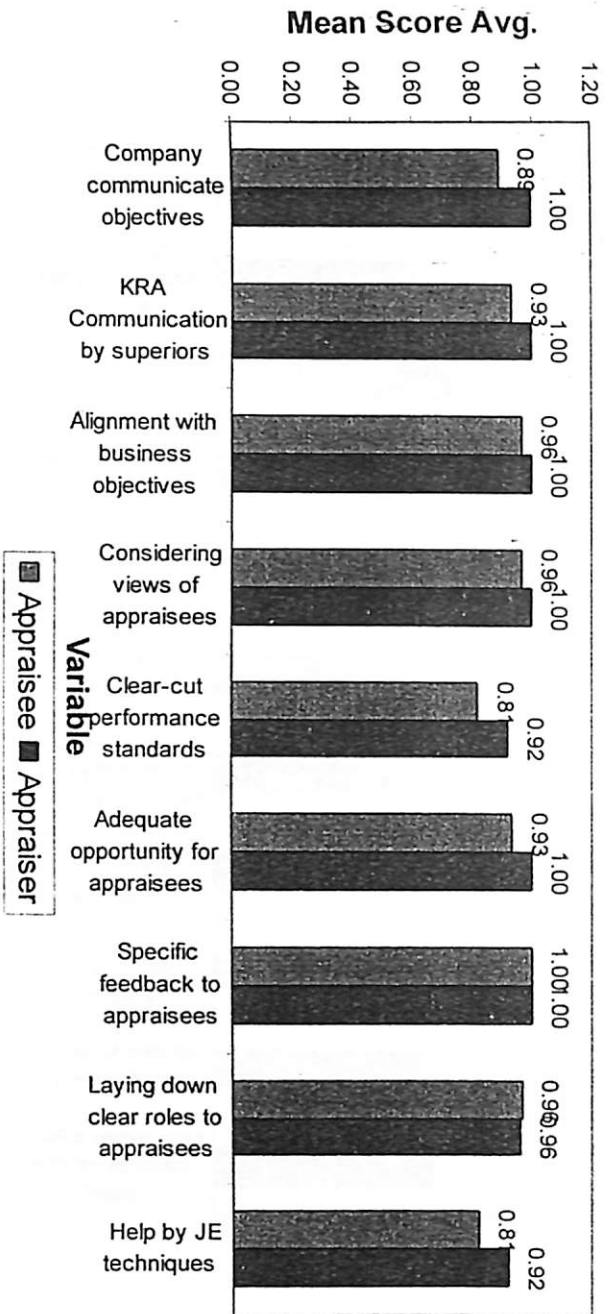


Fig. No. 6.1 (a) : Content Component Variable - Graphical Presentation

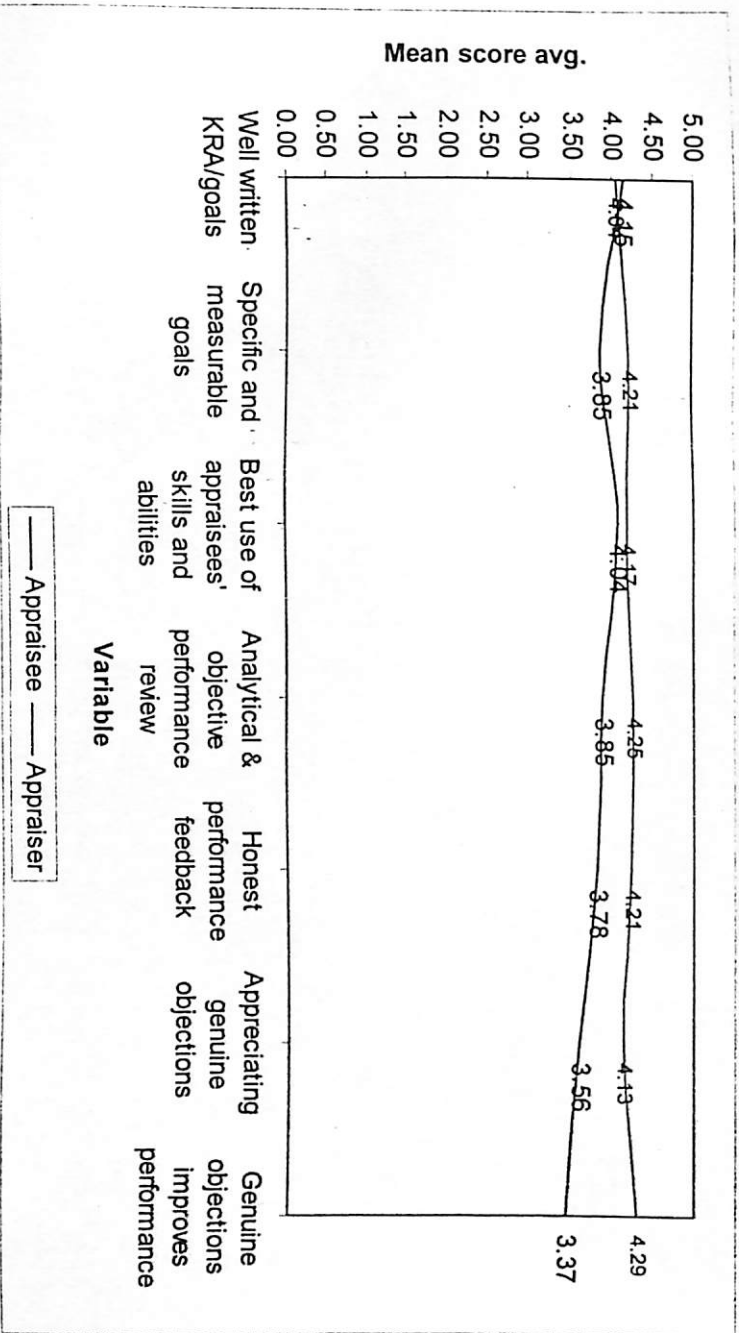


Fig. No. 6.1 (b) : Process Component Variable - Graphical Presentation

Fig. No. 6.1 (c) : Output Component Variable - Graphical Presentation

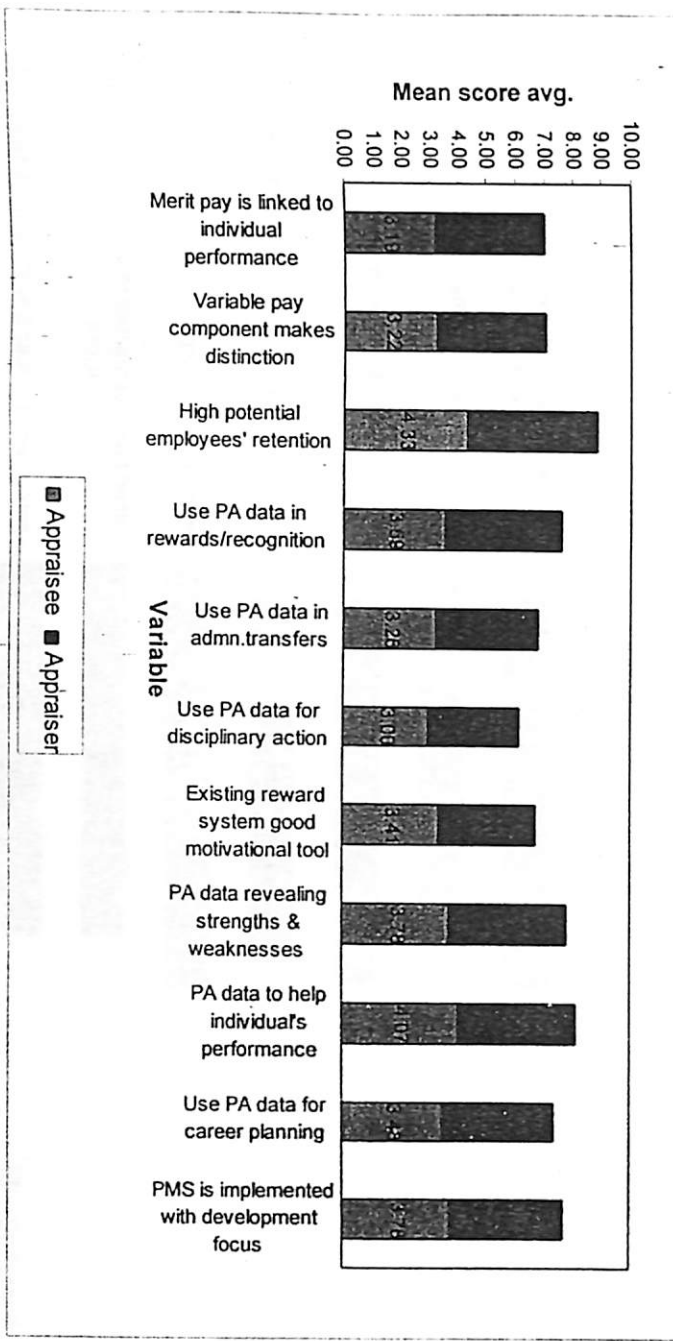
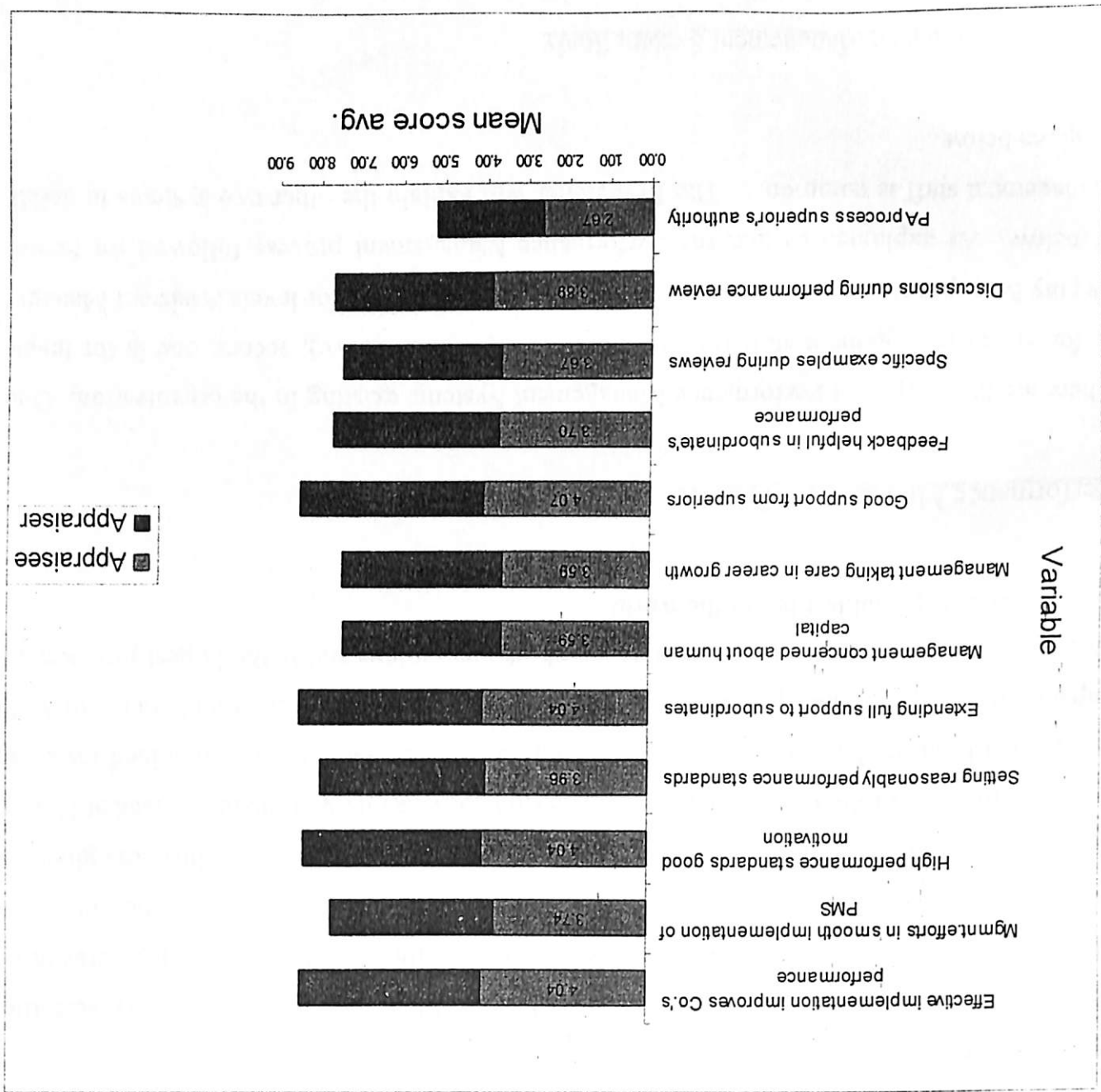


Fig. No. 6.1 (d) : Organizational Characteristics Variable - Graphical Presentation



### 6.3 Viscose Staple Fibre Industries, Nagda

#### Introduction

Grasim is India's pioneer in Viscose Staple Fibre (VSF), a man-made, extremely versatile fibre with characteristics akin to cotton, easily blended with other fabrics. Today, Grasim is India's largest and lowest cost manufacturer of VSF – meeting over 90% of the country's requirements and enjoying around 24% market share worldwide. The VSF business globally accounts for 11% of the Group's turnover. The Company has its VSF plants located at Nagda in Madhya Pradesh, Kharach in Gujarat and Harihar in Karnataka, with a combined installed capacity of 220,775 tonnes per annum. Nagda is its core unit producing a wide range of VSF to suit customer requirements in terms of length, denier, colour and is the largest producer of spun-dyed and speciality fibre in the world.

#### Performance Management Process

There are three types of Performance Management Systems existing in the organization. One is for Senior management staff (i.e., General Managers and above), second one is for levels Deputy Manager to Deputy General Manager and the third one is for levels Assistant Manager & below. As explained earlier, the Performance Management process followed for Senior management staff is common. The Researcher will explain the other two systems in detail, as given below.

#### Part I : Performance Management System Study

The Performance Management process existing in the organization is described below in Table No. 6.4 :

**Table No.6.4 : Performance Management Process – Deputy General Managers & below**

S.No,	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
1.	KRA / Goal Setting	At the beginning of each financial year, individual KRAs/ Goals are set in alignment with Department/ business goals.	At the beginning of each financial year, although KRAs/goal setting exercise is done in a more routine way, it is not structured.
2.	Frequency of Performance reviews	Half-yearly and Yearly as per the process prescribed for this purpose at Unit level.	Half-yearly and Yearly as per the process prescribed for this purpose at Unit level. Half-yearly reviews are only qualitative, whereas annual reviews are quantitative.
3.	Self-assessment	Self-assessment is done by the individuals in a systematic way for the Dy.GM/ Department Head level employees. Three point achievement profile is used (e.g., A-Fully achieved; B- Partially achieved; C-Not achieved)	Self-assessment is done only by some individuals in a semi-structured manner. Three point achievement profile (e.g., A-Fully achieved; B- Partially achieved; C-Not achieved) and weightages are used in the process.
4.	Appraiser's Assessment	Performance reviews for the Dy.GM/Dept. Head level employees are done on half-yearly basis. Only FH/UH/BH/UHR*are involved in the process. For others, Dept.	Although, performance reviews for this category are done on half-yearly basis, Annual reviews are done systematically. Only Dept.Head/Functional Heads play major roles in the process. Mid

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
4.	Appraiser's Assessment	Head/FH/UH/UHR play major roles in the process. Critical Incident technique, is used, wherein all positive & negative behaviors are noted. All facilitating / hindering factors are discussed at the annual assessment.	year reviews are not structured. Critical Incident technique is used, wherein all positive & negative behaviors are noted. All facilitating / hindering factors are discussed at the annual assessment. But, again this is semi-structured.
5.	Performance Appraisal methods	Management by Objectives (MBO) method is used during Performance Planning process, self-appraisal and forced distribution methods are used during performance review process for Dy.GMs/ Dept. Head level employees, whereas for others (e.g., Sr.Managers & below), MBO, self-appraisal, Weighted average rating and forced distribution methods are used. Although, the performance appraisal process is structured, 100% objectivity is not ensured.	The MBO method is used, though not structured, during performance planning process. During annual performance appraisal process, self-appraisal, Graphic rating scale and forced distribution methods are used. Since the appraisal process for this category is not fully structured, 100% objectivity during performance evaluations is not ensured .
6.	Performance Attributes	Critical performance attributes like Planning & Organizing skills. Team building, Communication skills etc. are used. These will be assessed on a 3-point scale; e.g.,	Critical performance attributes like Positive Outlook, Quality of work, Team building, Communication skills etc. are used. The performance attributes

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
6.	Performance Attributes	A-Exceed the requirement; B-Meets the requirement; C-Short of requirement.	are different from the earlier category. Weightages are used for quantitative assessments and 3-point scales; e.g., A-Exceed the requirement; B-Meets the requirement; C-Short of requirement are used for qualitative assessments.
7.	360-degree feedback	The 360 degree feedback exercise is carried out from Managers and above level employees only. This is being used only for development purposes.	The 360 degree feedback exercise is not carried out for this category.
8.	Potential appraisal	Potential assessment exercise is carried out for Dy.GM/Dept. Head level employees only to some extent. It is not scientific.	Potential assessment is not done systematically.
9.	Linkage of performance with pay	Compensation Reviews are done on annual basis. Linkage of individual performance with pay, among other things, is one of the key elements in the compensation review proposals. compensation reviews are done based on individual contribution/ dept. performance. Overall performance ratings are awarded to individuals	Both qualitative and quantitative ratings, i.e., 3-point scales & weightages are used for the purpose of assessments. Annual pay increases are given based on the overall performance ratings, i.e., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer.

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
9.	Linkage of performance with pay	based on a 4-point achievement profile (e.g., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer).	
10.	Training & Development needs	Learning & development needs are identified at Unit level on annual basis, during the time of performance reviews. The 360-degree feedback is also used for identifying development needs of individuals. Necessary development inputs are given based on individual / business needs. Mostly in-house programs are organized on a regular basis.	Training needs are identified in a very structured and systematic manner. It is done on annual basis during the time of performance reviews. All Functional / Behavioral training programs are organized internally.

Source : Personal Survey

\* FH – Functional Head; BH – Business Head; UH – Unit Head; UHR-Unit HR

## Part II : Performance Management Implementation Process

In the analysis presented in Table No. 6.5, Mean, Standard deviation and t-values (at 95% confidence level) have been calculated. SPSS (11.0 version) package has been used for the purpose of analysis.

In the Content variable, all other dimensions (e.g., awareness of the system, communication of company objectives etc), except specific feedback to the appraisee during performance planning stage, are significant. In other words, general awareness of the system &



communication of company objectives by the senior management team are clearly evident from the analysis ( $p < 0.05$ ). 90% of the population under the study agreed for the same.

Also it is very clear from the Process component variable that 95% of the population agreed that there is no structured feedback and grievance mechanism prevailing in the organization ( $p > 0.05$ )

It can be observed from the Output component variable that there are perceptual differences in both the groups on few performance dimensions like career planning, use of PA data for developmental purposes ( $p > 0.05$ ). It is clearly evident that the existing performance management systems is not having any development value. Although there is a general awareness among people that the performance management process will be used for developmental purposes, in the strict sense, 87% of the population under the study mentioned that the same is not being implemented effectively.

With regard to organizational characteristic variable is concerned, performance dimensions like performance reviews, support from senior management, setting reasonable performance standards, smooth implementation of performance management process, alignment of the process with business performance etc. are significant. It means performance feedback mechanism, career planning system are not being effectively implemented in the organization. All the junior management employees (100%) felt that they are not getting sufficient support from senior management in their career growth/development.

The above analysis clearly indicates that the existing system is not effectively meeting the requirements for its smooth functioning.

With a view to clearly show the differences existing in both the groups on all the four variables, the same have been depicted graphically at Fig.Nos. 6.2(a), 6.2(b), 6.2(c) and 6.2(d). Various dimensions related to the concerned variables have been taken on X-axis and the average Mean scores have been taken on Y-axis.

As part of the research study, the researcher has used interviewing technique with some Senior management officials to find out antecedents & consequences of effective implementers in the organization. According to them, following personality characteristics / consequences that prompted them to be effective :

- Culture & orientation of the organization;
- Good academic background;
- Consistent high achievers;
- Involvement & facilitation of top management; and
- Organization structure also plays a major role.

This factor has been established by taking data from HR department.

### Findings

- This research study clearly shows that there is no proper feedback system existing in the organization.
- When the researcher used personal interviewing technique with some senior managers / junior managers, it has been clearly emerged out that junior level managers are not satisfied with the development value of the process.
- It appears that the involvement & facilitation for the system by senior management team is minimal.

Table No. 6.5 - Analysis - Viscose Staple Fibre Industries

Q.No.	Variable	N1(Appraisee) = 36		N2(Appraiser) = 12		Mean Diff.	T-Value
		Mean	Std Dev	Mean	Std Dev		
<b>Content Component Variable</b>							
1	Company communicate objectives	0.81	0.40	1.00	0.00	-0.19	1.63 *
2	KRA Communication by superiors	0.66	0.48	0.87	0.35	-0.21	1.38 *
3	Alignment of performance with business objectives	0.81	0.40	1.00	0.00	-0.19	1.63 *
4	Considering the views of appraisees in goal setting	0.75	0.44	0.93	0.26	-0.18	1.36 *
5	Clear-cut performance standards	0.63	0.49	0.87	0.35	-0.24	1.56 *
6	Adequate opportunity reg.hindering/helping factors	0.78	0.42	0.87	0.35	-0.09	0.63 *
7	Specific feedback to appraisees	0.59	0.50	0.93	0.26	-0.34	2.24
8	Laying down clear roles to appraisees	0.84	0.37	0.87	0.35	-0.02	0.19 *
9	Help by JE techniques to identify clear responsibility	0.78	0.42	0.80	0.41	-0.02	0.13 *
<b>Process Component Variable</b>							
12	Well written KRA/goals	4.31	0.74	4.33	0.49	-0.02	0.09 *
13	Setting specific and measurable goals to appraisees	3.91	0.93	4.33	0.62	-0.43	1.48 *
14	Best use of appraisees skills and abilities	3.84	1.02	4.27	0.80	-0.42	1.30 *
15	Analytical & objective during performance review	4.09	0.73	4.13	0.64	-0.04	0.17 *
28	Giving honest performance feedback during review	3.47	1.14	4.27	0.59	-0.80	2.32
31	Appreciating subordinates for genuine objections	3.56	0.95	4.40	0.51	-0.84	2.91
32	Genuine objections will improve superior's performance	3.72	0.68	4.40	0.63	-0.68	3.04
<b>Output Component Variable</b>							
18	Merit pay is linked to individual performance	3.94	0.76	4.33	0.90	-0.40	1.49 *
19	Variable pay component makes distinction	4.31	0.59	4.47	0.64	-0.15	0.76 *
20	High potential employees retained thro' rewards	4.22	0.79	4.33	0.90	-0.11	0.42 *
21	Use performance appraisal data in rewards/recognition	3.72	0.92	4.27	0.59	-0.55	1.91 *
22	Use performance appraisal data in admn.transfers	3.31	0.86	3.67	0.62	-0.35	1.31 *
23	Use performance appraisal data for disciplinary action	3.13	0.83	3.13	0.99	-0.01	0.03 *
24	Existing reward system good motivational tool	3.66	0.90	3.87	0.83	-0.21	0.71 *
25	PA data revealing strengths & weaknesses	3.69	0.86	4.40	0.51	-0.71	2.71
26	Performance appraisal data to help individuals	3.84	0.85	4.53	0.52	-0.69	2.65
27	Use performance appraisal data for career planning	3.69	0.86	4.33	0.72	-0.65	2.33
40	PMS is implemented with development focus	3.81	0.82	4.07	0.80	-0.25	0.93 *
<b>Organisational Characteristic Variable</b>							
16	PA process to assert superior's authority	3.13	1.13	2.80	1.52	0.33	0.79 *
17	Discussing all issues during performance review	3.47	1.02	4.07	0.80	-0.60	1.85 *
29	Giving specific examples during review meeting	3.44	1.11	4.07	0.46	-0.63	1.91 *
30	Performance feedback helpful in subordinate's performance	3.78	0.75	4.47	0.52	-0.69	2.92
33	Getting good support from superiors	4.06	0.72	4.40	0.63	-0.34	1.45 *
34	Management taking care in career aspirations	3.38	0.87	4.13	0.64	-0.76	2.76
35	Management most concerned about human capital	3.47	0.88	4.00	0.65	-0.53	1.92 *
36	Extending full support to subordinates	3.84	0.85	4.47	0.52	-0.62	2.39
37	Setting reasonable performance standards	4.06	0.50	4.33	0.82	-0.27	1.36 *
38	Setting high performance standards is a good motivation	4.16	0.72	4.60	0.51	-0.44	1.96 *
39	Mgmt. makes efforts in smooth implementation of PMS	3.78	0.75	4.13	0.92	-0.35	1.33 *
41	Effective implementation improves Company's performance	4.16	0.63	4.47	0.52	-0.31	1.54 *

\* p < 0.05

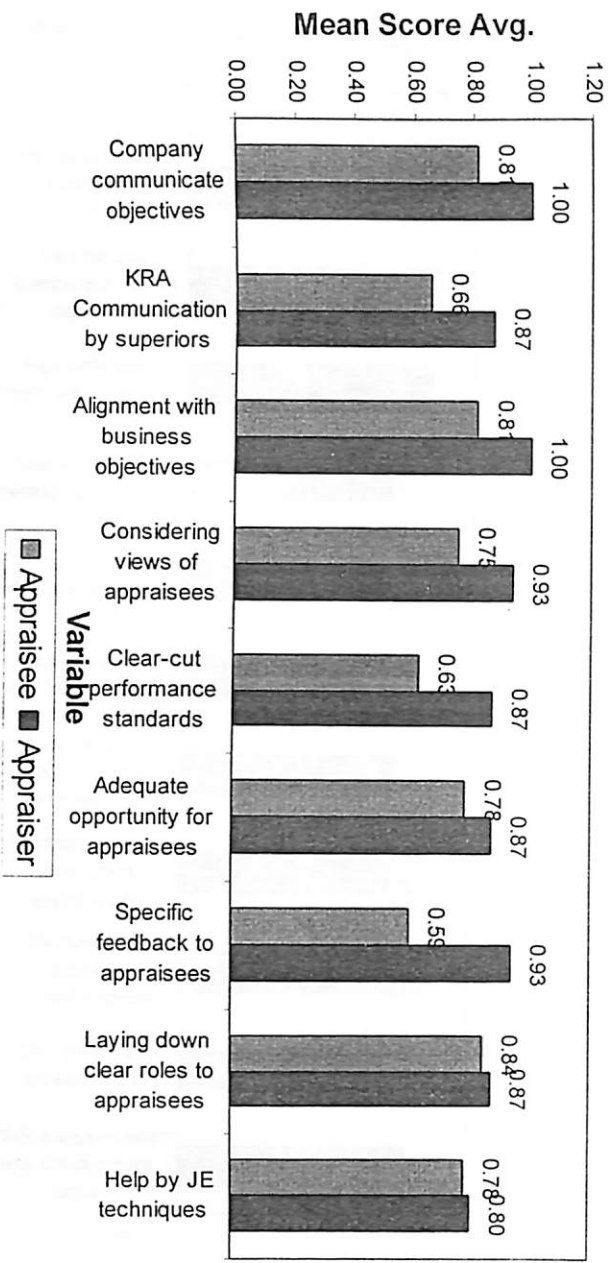


Fig.No. 6.2 (a) : Content Component Variable – Graphical Presentation

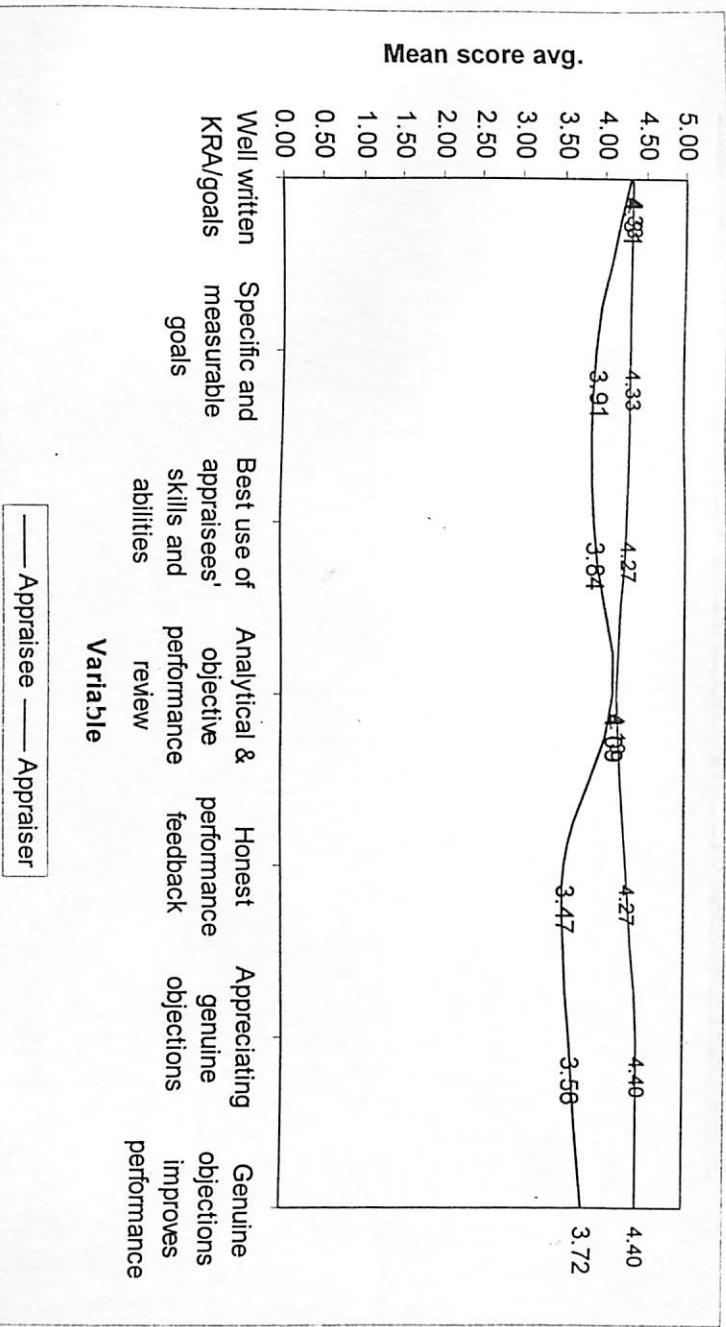


Fig. No.6.2 (b) : Process Component Variable – Graphical Presentation

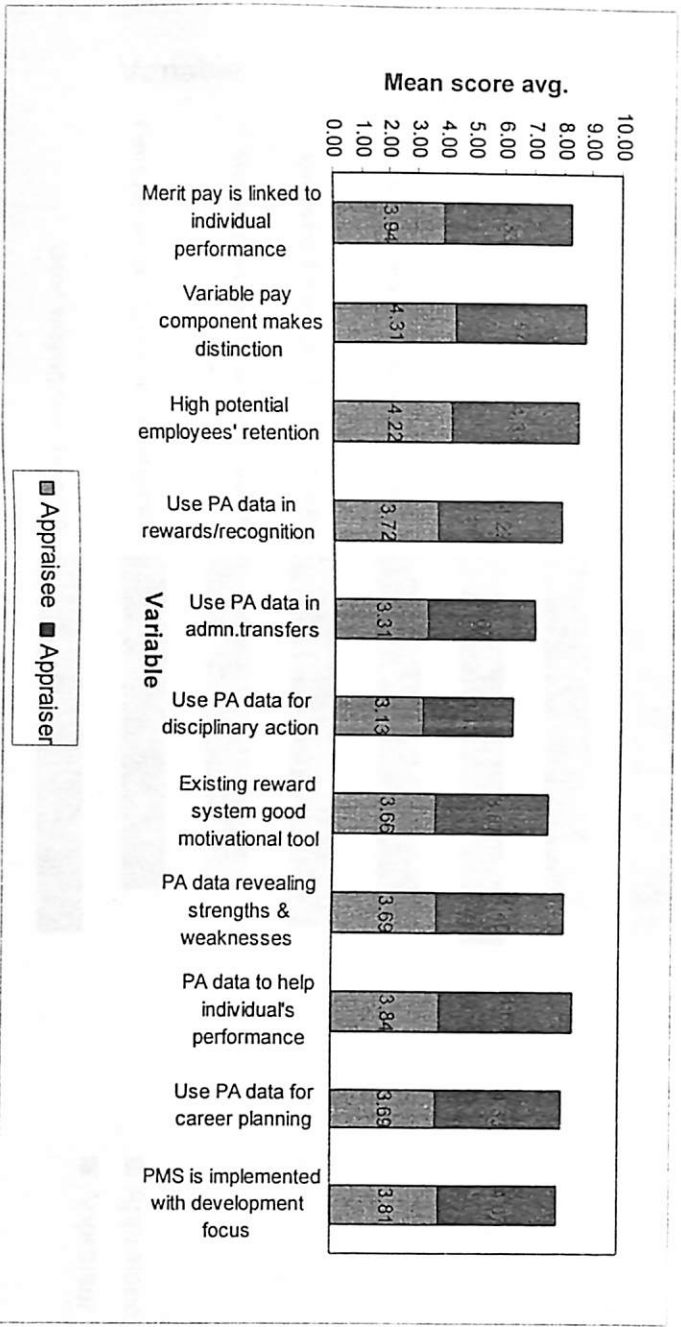
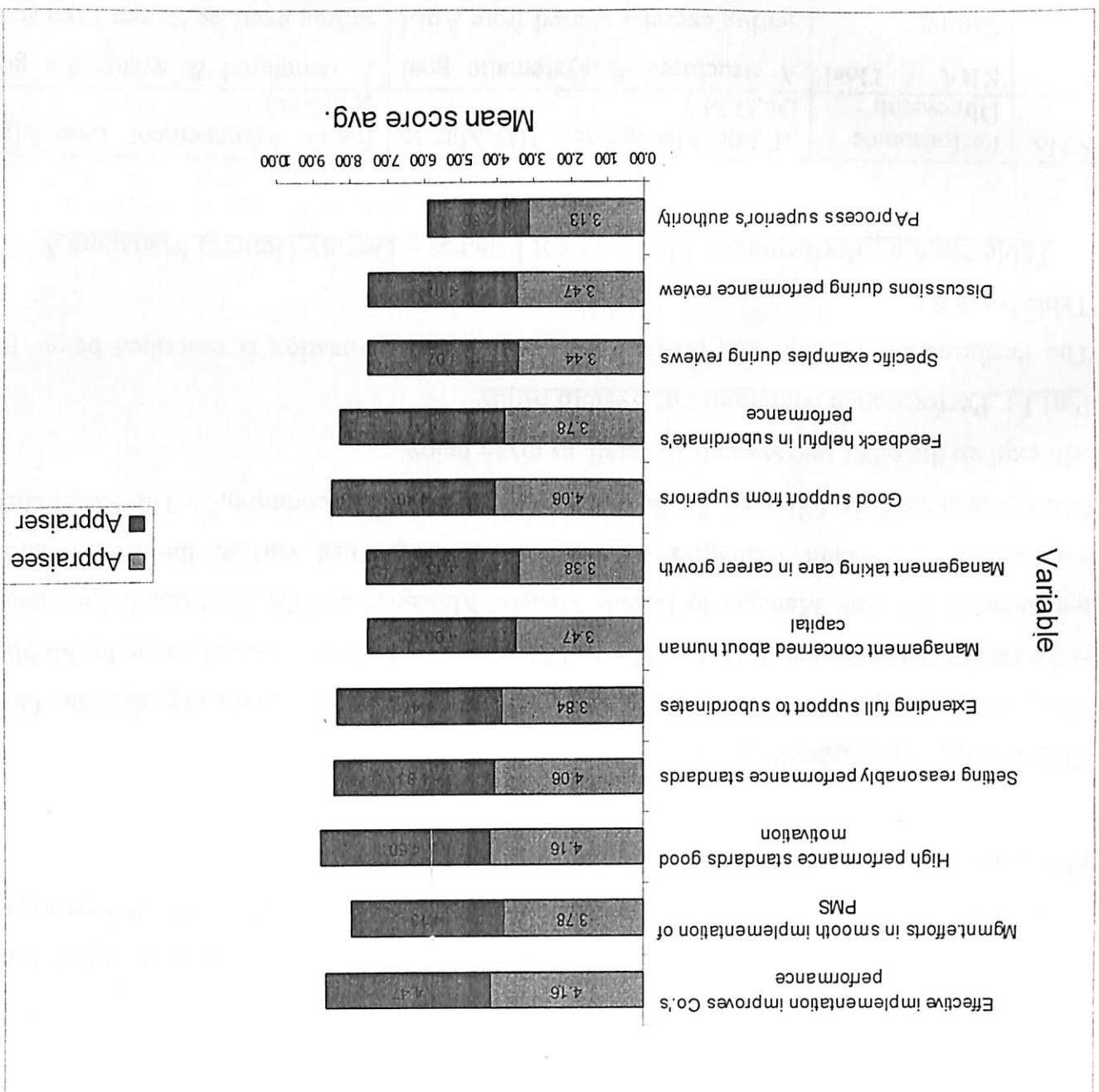


Fig. No.6.2 (c) : Output Component Variable – Graphical Presentation

Fig. No. 6.2 (d) : Organizational Characteristic Variable – Graphical Presentation



## 6.4 Chemical Industries, Nagda

### Introduction

Grasim set up a Rayon Grade Caustic Soda unit at Nagda in 1972 with an initial capacity of 33,000 tonnes per annum. This has since grown to 160,600 tpa, including a 18,250 tpa Flake plant, making it the country's second largest caustic soda unit.

### Performance Management Process

There are three types of Performance Management Systems existing in the organization. One is for Senior management staff (i.e., General Managers and above), second one is for Middle management (Deputy Manager to Deputy General Manager) and the third one is for Junior management (Assistant Managers & below). As explained earlier, the Performance Management process followed for Senior management staff is common. The Researcher will explain the other two systems in detail, as given below :

#### Part I : Performance Management System Study

The Performance Management process existing in the organization is described below in Table No. 6.6 :

Table No.6.6 : Performance Management Process – Deputy General Managers & below

S.No.	Performance Dimension	Middle Management (Dy.Mgr to Dy.G.M.)	Junior Management (Asst.Mgrs & below)
1.	KRA / Goal Setting	A structured & systematic goal setting exercise started from April 2002 through Vision/ Mission statements. At the beginning of each financial year, individual KRAs/ Goals are set in alignment with Vision/ Mission of the organization.	A structured & systematic goal setting exercise started from April 2002 through Vision/ Mission statements and also through various awareness workshops down the line. At the beginning of each financial year, individual KRAs/ Goals are set in alignment with business/department goals.

S.No.	Performance Dimension	Middle Management (Dy.Mgr to Dy.G.M.)	Junior Management (Asst.Mgrs & below)
2.	Frequency of Performance reviews	A systematic review of KRA/Goals is carried out on quarterly basis.	Review of KRA/goals is carried out on half-yearly basis.
3.	Self-assessment	Self-assessment is done by the individuals based on their individual performance and also department/ business performances.	Self-assessment is done only by some individuals in a semi-structured manner. .
4.	Appraiser's Assessment	A systematic Performance review exercise is carried out on quarterly basis. All FHs/Dept.Heads/UH/UHR* are involved in the process. All facilitating / hindering factors are discussed at length.	Although, performance reviews for this category are done on half-yearly basis, Annual reviews are done systematically. Only Dept.Head/Functional Heads play major roles in the process. Mid year reviews are not structured. All facilitating/ hindering factors are discussed at the annual assessment. But, again this is semi-structured.
5.	Performance Appraisal methods	Management by Objectives (MBO) method is used during Performance Planning process, self-appraisal and forced distribution methods are used during performance review process .	The structured MBO method is used, during performance planning process. During annual performance appraisal process, self-appraisal, Graphic rating scale and forced distribution methods are used. Since the



S.No.	Performance Dimension	Middle Management (Dy.Mgr to Dy.G.M.)	Junior Management (Asst.Mgrs & below)
5.	Performance Appraisal methods		appraisal process for this category is not fully structured, 100% objectivity during performance evaluations is not ensured.
6.	Performance Attributes	Critical performance attributes like Planning & Organizing skills. Team building, Communication skills etc. are used. This is a semi-structured process.	Performance attributes like Positive Outlook, Quality of work, Team building, Communication skills etc. are used. The performance attributes are different from the earlier category. This is not systematic.
7.	360-degree feedback	The 360 degree feedback exercise is not carried out for this category.	The 360 degree feedback exercise is not carried out for this category.
8.	Potential appraisal	Potential assessment exercise is carried out for Dy.GM/Dept. Head level employees only to some extent. It is not scientific.	Potential assessment is not done in a systematic manner.
9.	Linkage of Performance with Pay	Compensation Reviews are done on annual basis. Linkage of individual performance with pay, among other things, is one of the key elements in the compensation review proposals. Compensation reviews are done based on individual contribution/ dept. performance. Overall performance	Annual pay increases are linked to the overall performance ratings, i.e., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer; NP-Non Performer.

S.No.	Performance Dimension	Middle Management (Dy.Mgr to Dy.G.M.)	Junior Management (Asst.Mgrs & below)
9.	Linkage of Performance with Pay	ratings are awarded to individuals based on a 4-point achievement profile (e.g., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer).	
10.	Training & Development needs	Learning & development needs are identified at Unit level on annual basis, during the time of performance reviews. Necessary development inputs are given based on individual / business needs. Mostly in-house programs are organized on a regular basis.	Training needs are identified in a very structured manner. It is done on annual basis during the time of performance reviews. All Functional / Behavioral training programs are organized internally.

Source : Personal Survey

\* FH – Functional Head; BH – Business Head; UH – Unit Head; UHR-Unit HR

## Part II : Performance Management Implementation Process

In the analysis presented at Table No.6.7, Mean, Standard deviation and t-values (at 95% confidence level) have been calculated. SPSS (11.0 version) package has been used for the purpose of analysis.

In the Content variable, all the dimensions (e.g., awareness of the system, communication of company objectives etc), are significant. In other words, there is 100% awareness of the system & communication of company objectives by the senior management team ( $p < 0.05$ ).

Again in the Process content variable, all other dimensions, except appreciating genuine objections raised by subordinates, are significant ( $p < 0.05$ ).

It is clearly evident from both the content & process component variables that the junior management employees (86% of the population felt) are not being encouraged for raising their genuine objections during the performance reviews.

It can be observed from the output component variable that all the dimensions like variable pay, career planning, use of PA for developmental purposes etc. are significant ( $p < 0.05$ ).

From the analysis of organizational characteristic variable it can be seen that though there is general awareness and alignment of the process with the Company's objectives, giving specific examples during performance reviews (critical incident technique) is not prevailing in the organization ( $p > 0.05$ ).

During the personal interviews with some of the management staff, the researcher found that they are not getting sufficient support from senior management in their career growth/development.

With a view to clearly show the differences existing in both the groups on all the four variables, the same have been depicted graphically at Fig.Nos. 6.3(a), 6.3(b), 6.3(c) and 6.3(d). Various dimensions related to the concerned variables have been taken on X-axis and the average Mean scores have been taken on Y-axis.

As part of the research study, the researcher has used interviewing technique with some Senior management officials to find out antecedents & consequences of effective implementers in the organization.

According to them, following personality characteristics / consequences that prompted them to be effective :

- Involvement & facilitation of top management;
- Active involvement and high exposure to the system; and
- Consistently high contributors to the organization .

The above data has been collected from HR department and personal interviews with HR Heads.

### Findings

- This research study clearly shows that there is a clear understanding / awareness among managerial staff regarding the objectives of the PMS.
- There is a strong need to improve performance feedback system in the organization. This will also take care of grievance handling aspect.

Table No. 6.7 - Analysis - Chemical Industries

Q.No.	Variable	N1(Appraisee) = 27		N2(Appraiser) = 9		Mean Diff.	T-Value
		Mean	Std Dev	Mean	Std Dev		
<b>Content Component Variable</b>							
1	Company communicate objectives	0.95	0.21	0.87	0.35	0.09	0.90 *
2	KRA Communication by superiors	0.95	0.21	0.93	0.26	0.02	0.24 *
3	Alignment of performance with business objectives	0.91	0.29	1.00	0.00	-0.09	0.92 *
4	Considering the views of appraisees in goal setting	0.86	0.35	0.93	0.26	-0.07	0.54 *
5	Clear-cut performance standards	0.86	0.35	0.93	0.26	-0.07	0.54 *
6	Adequate opportunity reg.hindering/helping factors	0.77	0.43	1.00	0.00	-0.23	1.57 *
7	Specific feedback to appraisees	0.82	0.39	1.00	0.00	-0.18	1.37 *
8	Laying down clear roles to appraisees	0.77	0.43	0.73	0.46	0.04	0.23 *
9	Help by JE techniques to identify clear responsibility	0.86	0.35	1.00	0.00	-0.14	1.15 *
<b>Process Component Variable</b>							
12	Well written KRA/goals	4.45	0.67	4.40	0.63	0.05	0.21 *
13	Setting specific and measurable goals to appraisees	4.14	1.13	4.47	0.52	-0.33	0.84 *
14	Best use of appraisees skills and abilities	4.18	1.10	4.73	0.46	-0.55	1.45 *
15	Analytical & objective during performance review	4.14	0.89	4.07	1.16	0.07	0.19 *
28	Giving honest performance feedback during review	3.95	1.13	4.53	0.52	-0.58	1.47 *
31	Appreciating subordinates for genuine objections	3.68	0.78	4.40	0.74	-0.72	2.42
32	Genuine objections will improve superior's performance	4.18	0.73	4.53	0.52	-0.35	1.33 *
<b>Output Component Variable</b>							
18	Merit pay is linked to individual performance	4.05	0.84	4.00	1.25	0.05	0.12 *
19	Variable pay component makes distinction	3.86	0.94	4.53	0.64	-0.67	1.98 *
20	High potential employees retained thro' rewards	4.50	0.60	4.47	0.74	0.03	0.14 *
21	Use performance appraisal data in rewards/recognition	3.95	0.90	4.27	0.70	-0.31	0.95 *
22	Use performance appraisal data in admn.transfers	3.68	0.95	4.20	0.86	-0.52	1.45 *
23	Use performance appraisal data for disciplinary action	2.86	1.08	2.53	1.25	0.33	0.76 *
24	Existing reward system good motivational tool	3.77	1.15	3.60	0.63	0.17	0.43 *
25	PA data revealing strengths & weaknesses	3.86	0.94	4.33	0.82	-0.47	1.34 *
26	Performance appraisal data to help individuals	3.95	1.00	4.47	0.52	-0.51	1.46 *
27	Use performance appraisal data for career planning	3.82	1.14	4.60	0.51	-0.78	1.98 *
40	PMS is implemented with development focus	4.05	0.79	4.33	0.49	-0.29	1.03 *
<b>Organisational Characteristic Variable</b>							
16	PA process to assert superior's authority	2.73	1.08	2.60	1.35	0.13	0.29 *
17	Discussing all issues during performance review	3.77	1.11	4.53	0.52	-0.76	1.97 *
29	Giving specific examples during review meeting	3.55	1.22	4.47	0.64	-0.92	2.15
30	Performance feedback helpful in subordinate's performance	3.86	0.99	4.47	0.74	-0.60	1.67 *
33	Getting good support from superiors	4.27	0.88	4.07	0.80	0.21	0.62 *
34	Management taking care in career aspirations	3.86	1.08	3.87	1.13	0.00	0.01 *
35	Management most concerned about human capital	3.82	1.01	4.13	1.13	-0.32	0.79 *
36	Extending full support to subordinates	4.18	0.80	4.67	0.49	-0.48	1.71 *
37	Setting reasonably high performance standards	4.05	0.79	4.33	0.62	-0.29	0.10 *
38	Setting high performance standards is a good motivation	4.18	0.96	4.33	0.72	-0.15	0.43 *
39	Mgmt. makes efforts in smooth implementation of PMS	4.00	0.82	4.33	0.82	-0.33	1.06 *
41	Effective implementation improves Company's performance	4.32	0.72	4.60	0.51	-0.28	1.09 *

\* p < 0.05

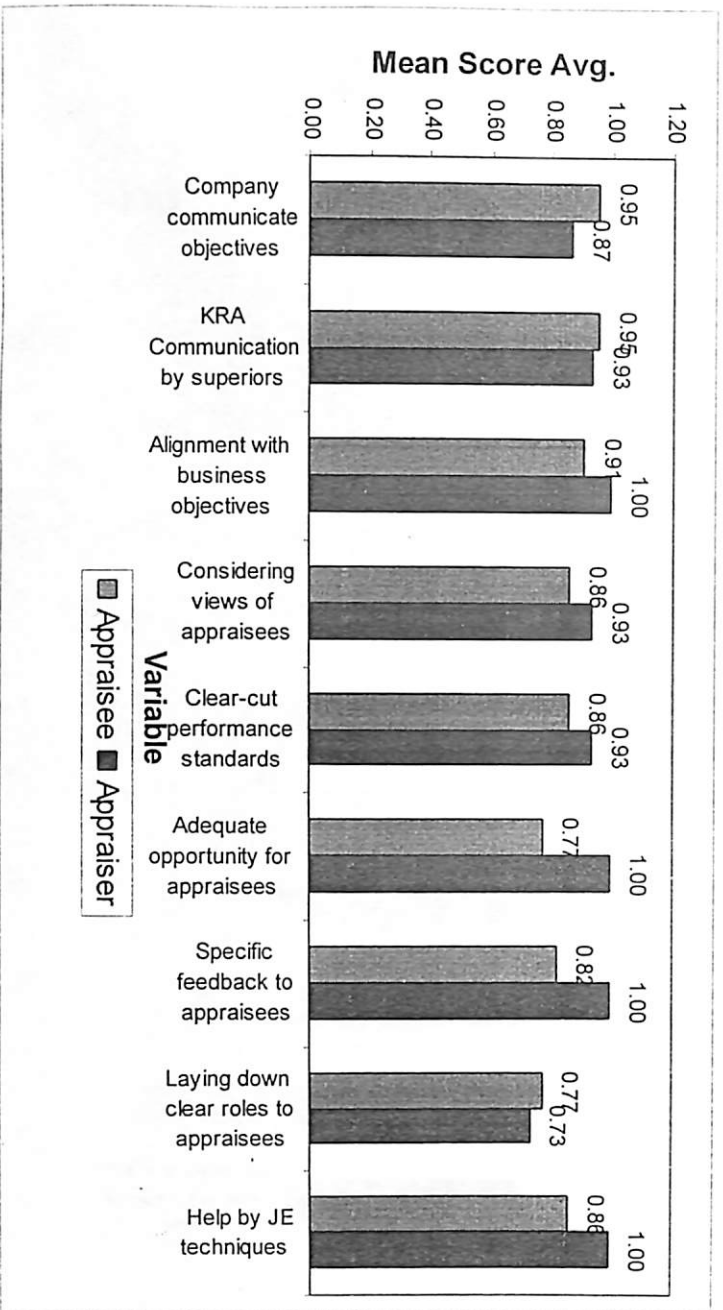


Fig. No.6.3 (a) : Content Component Variable : Graphical Presentation

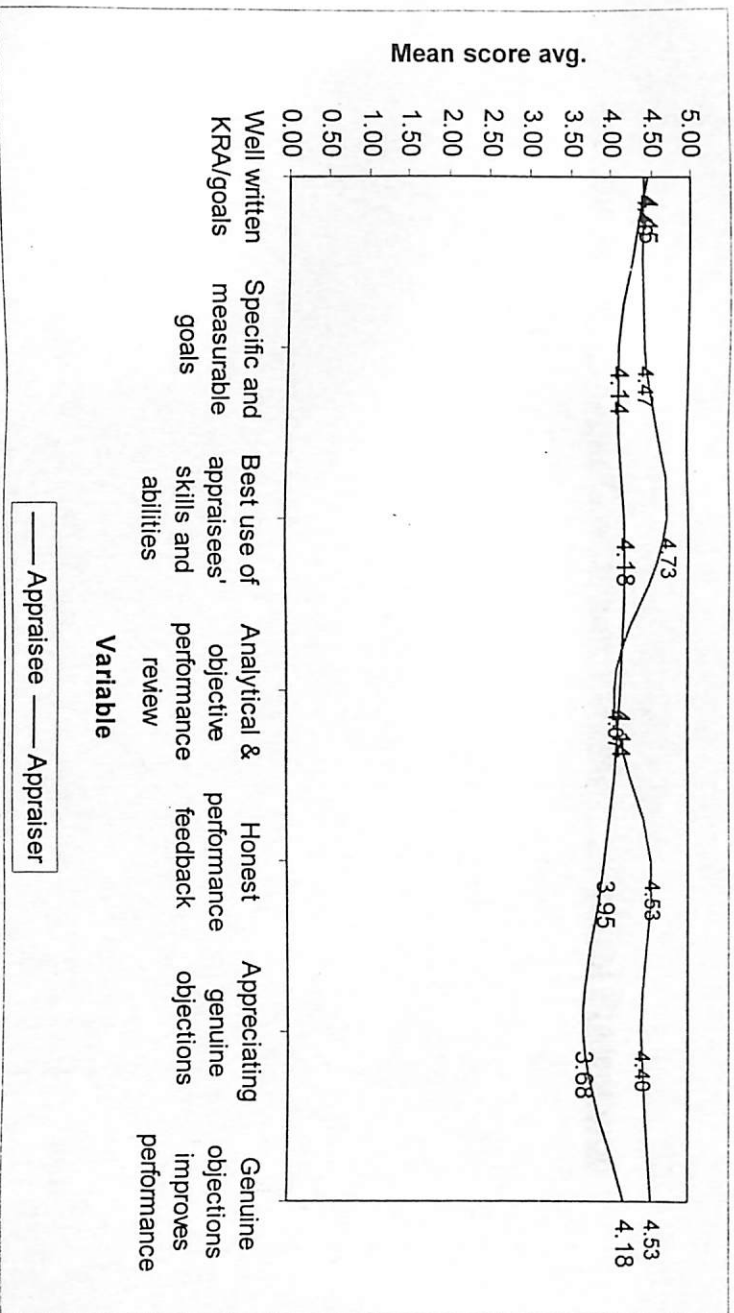


Fig. No.6.3 (b) : Process Component Variable : Graphical Presentation

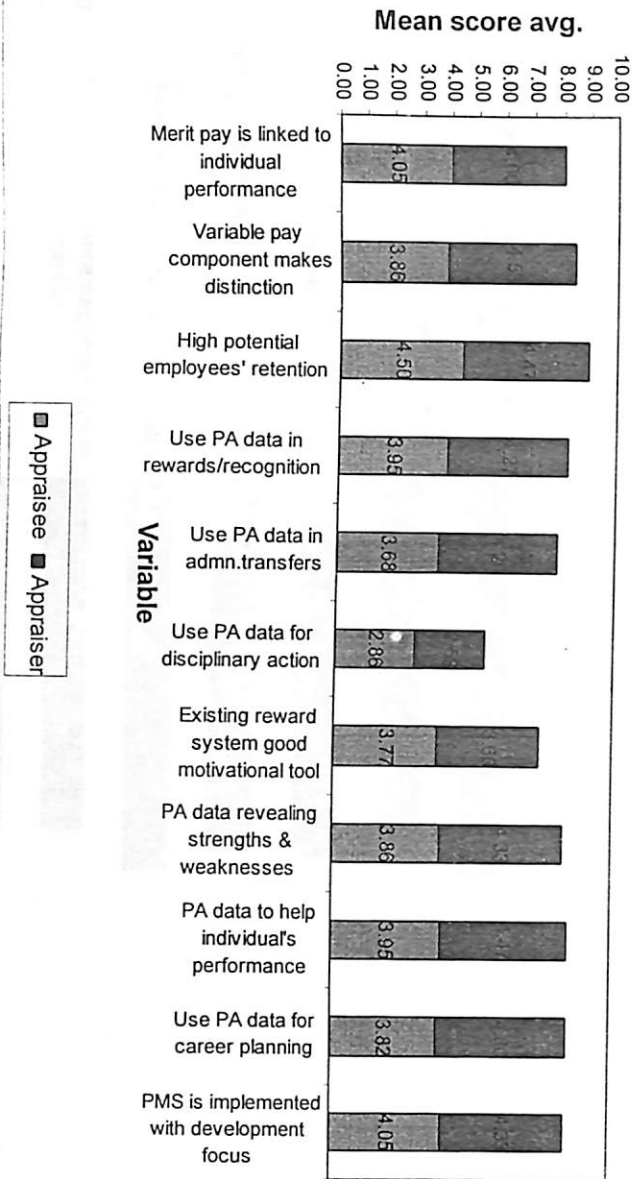
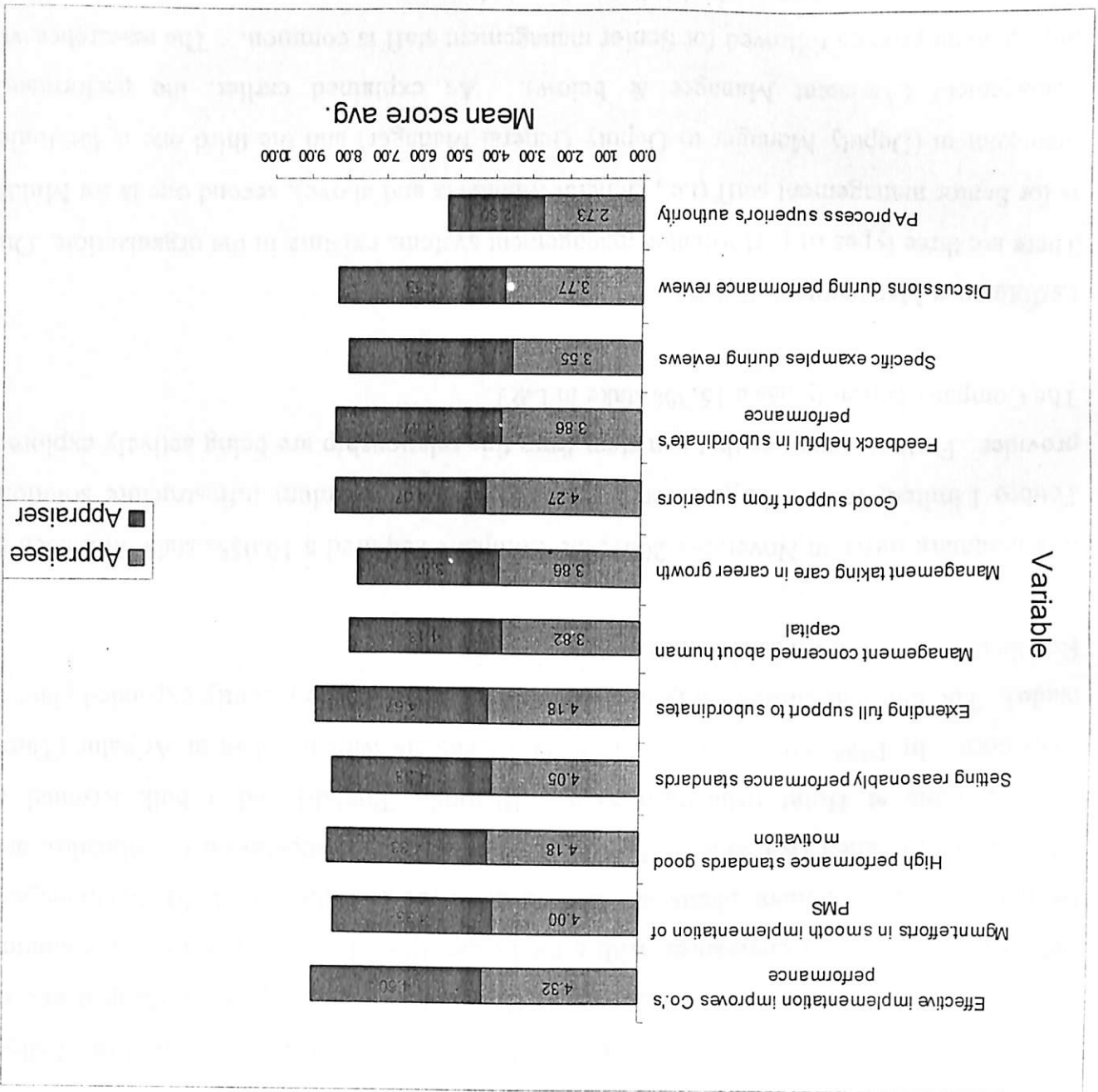


Fig. No. 6.3 (c) : Output Component Variable : Graphical Presentation

Fig. No.6.3 (d) : Organizational Context Variable : Graphical Presentation





## 6.5 Grasim Industries Ltd. – Cement Marketing

### Introduction

Grasim diversified into cement production with its first cement plant at Jawad in Madhya Pradesh. Since then the cement business of Grasim has grown rapidly, making it one of India's premier cement companies, with a total capacity of 11.37 million tones per annum. Its integrated grey cement plants are located at Jawad (Madhya Pradesh), Shambhupura (Rajasthan), Malkhed (Karnataka), Rawan (Chhattisgarh), Reddipalayam (Tamilnadu), and grinding units at Hotgi (Maharashtra) and Bhatinda (Punjab) and a bulk terminal at Bangalore. In 1998, Grasim acquired Dharani Cements with its plant at Ariyalur (Tamil Nadu). The unit was subsequently merged and together with the recently expanded plant at Reddipalayam, is known as Grasim South.

In a landmark move in November 2001, the Company acquired a 10.05% stake in Larsen & Toubro Limited, India's largest cement producer and a premium infrastructure solutions provider. Further synergies that can stem from this relationship are being actively explored. The Company currently has a 15.3% stake in L&T.

### Performance Management Process

There are three types of performance management systems existing in the organization. One is for Senior management staff (i.e., General Managers and above), second one is for Middle management (Deputy Manager to Deputy General Manager) and the third one is for Junior management (Assistant Manager & below). As explained earlier, the performance management process followed for Senior management staff is common. The researcher will explain the other two systems in detail, as given below.

It is for the first time, the Group has introduced e-Appraisals (e.g., Online Performance Appraisal System) at Grasim Cement Marketing.

Part I : Performance Management System Study

The Performance Management process existing in the organization is described below in Table No. 6.8 :

Table No.6.8 : Performance Management Process – Deputy General Manager & below

S.No.	Performance Dimension	Middle Management (Dy.Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
1.	KRA / Goal Setting	A structured & systematic online KRA/goal setting process exercise started from the year 2002. At the beginning of each financial year, zone-wise goals/targets are fixed by Business Head, in consultation with Zonal Heads/Regional Heads. These goals will further percolate down the line. The process takes place through Online system only.	For the supervisory/ clerical category, manual performance appraisal formats are still used. KRA/goal setting exercise is neither structured nor systematic.
2.	Frequency of Performance reviews	Online performance review process is used, wherein goals/targets are reviewed based on quarterly achievements/ business performance.	Although formal performance reviews takes place on annual basis, the quarterly reviews are unstructured and not systematic.
3.	Self-assessment	This is done by the self based on achievements and also Zone/ business performances. Each individual writes his self-assessment part and then send it to his Superior for his review.	Self-assessment is done only by some individuals in a semi-structured manner.

S.No.	Performance Dimension	Middle Management (Dy.Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
4.	Appraiser's Assessment	<p>A systematic Online Performance review process is carried out on quarterly basis. All the concerned Appraisers review their appraisees' performance through online and then send back to the Appraisees. If there is any disagreement between the Appraiser and the Appraisee, then the appraisal will be sent to Reviewer for his/her comments. Then the Online process gets closed. Since this is purely an online system, there is no personal / face to face interaction between the Appraiser and the Appraisee.</p>	<p>Although, performance reviews for this category are done on quarterly basis, annual reviews are done systematically. Only Dept. Heads play major roles in the process. Quarterly reviews are not structured.</p>
5.	Performance Appraisal Methods	<p>Management by Objectives (MBO) method is used during Performance Planning process, self-appraisal and Graphic rating methods are used during performance review process .</p>	<p>The MBO method is used during performance planning process. During annual performance appraisal process, self-appraisal, Graphic rating scale and forced distribution methods are used. Since the appraisal process for this category is not fully structured, 100% objectivity in performance evaluations is not ensured .</p>

S.No.	Performance Dimension	Middle Management (Dy.Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
6.	Performance Attributes	Critical performance competencies like Job knowledge, communication, customer orientation etc. are used for assessing behavioral dimensions. There is no scientific method of evaluation	Critical personal attributes like Job knowledge, discipline, time management etc. are used for assessing behavioral dimensions. The performance attributes are different from the earlier category. This is not structured.
7.	360-degree feedback	The 360 degree feedback exercise is not carried out for this category.	The 360 degree feedback exercise is not carried out for this category.
8.	Potential appraisal	Potential assessment exercise is carried out for Dy.GM/Dept. Head level employees only to some extent. It is not structured.	Potential assessment is not done in a systematic manner.
9.	Linkage of performance with pay	Compensation Reviews are done on annual basis. Linkage of performance with pay, <i>inter alia</i> , is one of the key elements in the compensation review proposals. Compensation reviews are done based on individual contribution/ dept. performance. Overall performance ratings are obtained based on a 4-point Achievement profile (e.g., 4-Outstanding Achiever; 3- High Achiever; 2 - Performer; 1 - Contributor).	Annual pay increases are linked to the overall performance ratings, (e.g., 4-Outstanding Achiever; 3- High Achiever; 2 - Performer; 1 - Contributor).

S.No.	Performance Dimension	Middle Management (Dy.Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
10.	Training & Development needs	Training needs identification process through online systems is highly structured. The training needs are linked to the competency gaps. Internal/ external/ Gyanodaya programs are utilized for this purpose.	Training needs are identified in a semi- structured manner. It is done on annual basis during the time of performance reviews. All Functional / Behavioral training programs are organized internally.

Source : Personal Survey

## Part II : Performance Management Implementation Process

### a) Cement Marketing – North Zone

In the analysis presented at Table No. 6.9, Mean, Standard deviation and t-values (at 95% confidence level) have been calculated. SPSS (11.0 version) package has been used for the purpose of analysis.

As per the analysis regarding Content Component variable, though both the groups are aware about the system and KRA/goal setting process in general, there are some particular dimensions on which both the groups disagree, ( $p > 0.05$ ) i.e., Communication by superiors, discussing helping/hindering factors and Laying down clear roles to Appraisees. It means that there is no clear understanding/communication by superiors regarding company objectives. Only 60% of the population under the study is aware of the system and its objectives.

In case of Process Component variables, dimensions like setting specific and measurable goals to appraisees, best use of appraisees' skills and abilities and giving honest feedback during performance review are not significant ( $p > 0.05$ ). Almost 90% of the population under the study, particularly the appraisee groups had felt that there are no regular feedback

sessions being held in the organization. Hence, it is clearly evident that the process is not effective.

In case of Outcome variables, both the groups disagree on the rewards/recognition, career planning and merit pay related aspects ( $p > 0.05$ ). Most of the appraisees agree that the performance appraisal data is used for Administrative transfers.

From the analysis of Organisation Characteristic variable, it is clearly found that there is lot of resentment among Appraisees (100% appraisees felt) that the performance appraisal process is being used as a weapon by their superiors. They also clarified during interactions that the performance reviews are not done systematically and it is done on ritual basis only.

With a view to clearly show the differences existing in both the groups on all the four variables, the same have been depicted graphically at Fig.Nos. 6.4(a), 6.4(b), 6.4(c) and 6.4(d). Various dimensions related to the concerned variables have been taken on X-axis and the average Mean scores have been taken on Y-axis.

As part of the research study, the researcher has also made an attempt to examine antecedents and consequences of effective implementers. Although the implementation process in the Unit as a whole is not effective, few managers, having some special characteristics / consequences (e.g. good discipline, effective team working, well exposed to the system, high achievers etc), are effectively implementing the system. This has been established by gathering data through the following Methods:

- Performance appraisal data of effective implementers;
- Collecting data from their own superiors/appraisees;
- Collecting data on overall performance / contribution to their own department.

### Findings

- This research study clearly shows that there is no proper understanding / communication between superiors and subordinates about the PMS. This may be

because of e-appraisals/Online PMS installed recently in all the Cement Marketing Units.

- When the researcher used personal interviews technique with some senior managers / junior managers, it has been clearly emerged out that junior level managers are not satisfied with the process. They further mentioned that there are no regular performance coaching / feedback sessions prevailing in the unit.

b) Cement Marketing – East Zone

In the analysis presented at Table No. 6.10, Mean, Standard deviation and t-values (at 95% confidence level) have been calculated. SPSS (11.0 version) package has been used for the purpose of analysis.

As per the analysis regarding the Content Component variable, all the dimensions except clear cut standards and specific feedback to appraisees, are significant ( $p < 0.05$ ).

From the analysis of Process Component variable it can be observed that both the groups disagree on few dimensions like best use of appraisees' skills & abilities and grievance mechanism ( $p > 0.05$ ). It means that 40% of the appraisee groups felt that though there is a general awareness about the system / company objectives, no clear understanding/communication between superiors and subordinates. Also there is no appreciation of genuine grievances raised by subordinates.

In case of Outcome variable both the groups disagree on variable component as there is no variable performance pay existing in the organization. All 100% of the population under the study disagreed to this.

From the analysis of Organizational Characteristic variable, few dimensions like giving specific examples during review meeting, setting reasonable performance standards, and management most concerned about human capital are not significant ( $p > 0.05$ ). It means

95% of the population under the study agreed that there is minimal support from seniors for proper implementation of the system.

During the personal interviews with few junior management staff, it was revealed that the performance appraisal process is being used as a weapon by their superiors for the purpose of disciplinary actions, transfers etc. It means that the process is not being effectively used for developmental purposes.

With a view to clearly show the differences existing in both the groups on all the four variables, the same have been depicted graphically at Fig.Nos. 6.5(a), 6.5(b), 6.5(c) and 6.5(d). Various dimensions related to the concerned variables have been taken on X-axis and the average Mean scores have been taken on Y-axis.

As part of the research study, the researcher has also made an attempt to examine antecedents and consequences of effective implementers. Although the implementation process in the Zone as a whole is not effective, few managers, having the following special characteristics / consequences, are effectively implementing the system.

- ❖ Good exposure to the system;
- ❖ Professionals;
- ❖ Good discipline; and
- ❖ High achievers.

This has been established by gathering data through the following Methods :

- Performance appraisal data of effective implementers;
- Collecting data from their own superiors/appraisees;
- Collecting data on overall performance / contribution to their own department.

### Findings

- This research study clearly shows that though the system is well structured with latest technology (e-appraisals), there is no proper understanding / communication between



superiors and subordinates about the PMS. This may be because of e-appraisals/online PMS installed recently in all the Cement Marketing Units.

- When the researcher used personal interviews technique with some senior managers / junior managers, it has been clearly emerged out that junior level managers are not satisfied with the process. They further mentioned that their performance related genuine grievances are not being handled by their superiors properly.
- In the online appraisal system, there is a provision called '*Performance diary*' wherein all the performance related activities are recorded on regular basis. This is a very good practice prevailing in the system.

Table No. 6.9 - Analysis - Grasim Industries (Cement Marketing - North Zone)

Q.No.	Variable	N1(Appraisee) = 33		N2(Appraiser) = 11		Mean Diff.	T-Value
		Mean	Std Dev	Mean	Std Dev		
<b>Content Component Variable</b>							
1	Company communicate objectives	1.00	0.00	0.83	0.38	-0.17	2.58
2	KRA Communication by superiors	1.00	0.00	0.67	0.48	-0.33	4.07
3	Alignment of performance with business objectives	1.00	0.00	1.00	0.00	0.00	0.00 *
4	Considering the views of appraisees in goal setting	0.90	0.31	0.67	0.48	-0.23	1.88 *
5	Clear-cut performance standards	0.55	0.51	0.67	0.48	0.12	0.66 *
6	Adequate opportunity reg.hindering/helping factors	1.00	0.00	0.33	0.48	-0.67	8.14
7	Specific feedback to appraisees	0.95	0.22	0.83	0.38	-0.12	1.24 *
8	Laying down clear roles to appraisees	1.00	0.00	0.67	0.48	-0.33	4.07
9	Help by JE techniques to identify clear responsibility	0.75	0.44	0.83	0.38	0.08	0.56 *
<b>Process Component Variable</b>							
12	Well written KRA/goals	4.35	0.81	4.33	0.76	-0.02	0.06 *
13	Setting specific and measurable goals to appraisees	4.65	0.49	3.50	0.98	-1.15	5.16
14	Best use of appraisees skills and abilities	3.85	0.49	3.17	1.37	-0.68	2.47
15	Analytical & objective during performance review	3.80	0.70	3.33	0.96	-0.47	1.74 *
28	Giving honest performance feedback during review	4.20	0.83	3.17	1.49	-1.03	2.88
31	Appreciating subordinates for genuine objections	3.95	0.89	3.50	0.98	-0.45	1.42 *
32	Genuine objections will improve superior's performance	3.85	0.81	3.50	0.98	-0.35	1.17 *
<b>Output Component Variable</b>							
18	Merit pay is linked to individual performance	4.15	0.75	3.50	1.14	-0.65	2.17
19	Variable pay component makes distinction	3.85	0.59	3.83	1.09	-0.02	0.06 *
20	High potential employees retained thro' rewards	4.00	0.65	4.33	0.76	0.33	1.41 *
21	Use performance appraisal data in rewards/recognition	3.90	0.55	2.50	0.98	-1.40	5.93
22	Use performance appraisal data in admn.transfers	3.65	0.49	2.67	0.76	-0.98	4.99
23	Use performance appraisal data for disciplinary action	3.20	0.77	3.00	0.59	-0.20	0.79 *
24	Existing reward system good motivational tool	3.45	0.76	3.00	1.02	-0.45	1.56 *
25	PA data revealing strengths & weaknesses	3.75	0.72	3.67	0.76	-0.08	0.33 *
26	Performance appraisal data to help individuals	4.00	0.73	4.00	1.18	0.00	0.00 *
27	Use performance appraisal data for career planning	3.70	0.73	3.00	1.32	-0.70	2.22
40	PMS is implemented with development focus	4.05	0.69	4.00	0.59	-0.05	0.22 *
<b>Organisational Characteristic Variable</b>							
16	PA process to assert superior's authority	1.95	1.05	2.83	1.09	0.88	2.40
17	Discussing all issues during performance review	4.00	0.86	3.00	1.18	-1.00	3.04
29	Giving specific examples during review meeting	3.95	0.76	3.00	1.02	-0.95	3.29
30	Performance feedback helpful in subordinate's performance	3.85	1.04	3.50	0.98	-0.35	0.98 *
33	Getting good support from superiors	3.95	0.76	4.00	1.18	0.05	0.16 *
34	Management taking care in career aspirations	3.75	0.79	3.67	1.13	-0.08	0.29 *
35	Management most concerned about human capital	3.75	0.79	3.83	0.92	0.08	0.27 *
36	Extending full support to subordinates	4.35	0.67	3.50	0.98	-0.85	3.23
37	Setting reasonably high performance standards	3.65	1.09	3.83	0.70	0.18	0.52 *
38	Setting high performance standards is a good motivation	4.15	0.88	4.33	0.96	0.18	0.59 *
39	Mgmt. makes efforts in smooth implementation of PMS	4.00	0.73	4.00	0.83	0.00	0.00 *
41	Effective implementation improves Company's performance	4.05	0.83	4.17	0.70	0.12	0.42 *

\* p < 0.05

Table No.6.10 - Analysis - Grasim Industries (Cement Marketing - East Zone)

Q.No.	Variable	N1(Appraiser) = 24		N2(Appraiser) = 8		Mean Diff.	T-Value
		Mean	Std Dev	Mean	Std Dev		
<b>Content Component Variable</b>							
1	Company communicate objectives	1	0	1	0	0	1.91 *
2	KRA Communication by superiors	0.91	0.29	1.00	0.00	-0.09	1.91 *
3	Alignment of performance with business objectives	1.00	0.00	1.00	0.00	0.00	1.91 *
4	Considering the views of appraisees in goal setting	0.91	0.29	1.00	0.00	-0.09	1.05 *
5	Clear-cut performance standards	0.73	0.46	1.00	0.00	-0.27	3.82
6	Adequate opportunity reg.hindering/helping factors	0.73	0.46	1.00	0.00	-0.27	0.00 *
7	Specific feedback to appraisees	0.82	0.39	1.00	0.00	-0.18	4.41
8	Laying down clear roles to appraisees	0.73	0.46	1.00	0.00	-0.27	0.00 *
9	Help by JE techniques to identify clear responsibility	1.00	0.00	1.00	0.00	0.00	1.91 *
<b>Process Component Variable</b>							
12	Well written KRA/goals	4.36	0.79	5.00	0.00	-0.64	1.04 *
13	Setting specific and measurable goals to appraisees	4.00	0.76	5.00	0.00	-1.00	1.91 *
14	Best use of appraisees skills and abilities	3.73	1.08	5.00	0.00	-1.27	4.92
15	Analytical & objective during performance review	3.91	1.02	4.50	0.53	-0.59	0.96 *
28	Giving honest performance feedback during review	3.73	1.08	5.00	0.00	-1.27	1.57 *
31	Appreciating subordinates for genuine objections	3.36	1.00	4.50	0.53	-1.14	4.78
32	Genuine objections will improve superior's performance	3.82	0.96	5.00	0.00	-1.18	1.14 *
<b>Output Component Variable</b>							
18	Merit pay is linked to individual performance	4.00	1.07	3.50	0.53	0.50	0.00 *
19	Variable pay component makes distinction	4.00	1.07	4.00	1.05	0.00	3.61
20	High potential employees retained thro' rewards	4.09	1.02	3.00	1.05	1.09	1.86 *
21	Use performance appraisal data in rewards/recognition	4.00	0.62	4.50	0.53	-0.50	1.91 *
22	Use performance appraisal data in admn.transfers	3.18	0.73	4.00	1.05	-0.82	0.58 *
23	Use performance appraisal data for disciplinary action	2.73	0.88	1.50	0.53	1.23	1.91 *
24	Existing reward system good motivational tool	3.73	1.08	3.00	1.05	0.73	1.71 *
25	PA data revealing strengths & weaknesses	4.09	0.92	5.00	0.00	-0.91	1.91 *
26	Performance appraisal data to help individuals	4.18	0.39	4.50	0.53	-0.32	1.87 *
27	Use performance appraisal data for career planning	3.55	1.01	5.00	0.00	-1.45	1.57 *
40	PMS is implemented with development focus	4.09	0.53	4.00	0.00	0.09	1.42 *
<b>Organisational Characteristic Variable</b>							
16	PA process to assert superior's authority	2.82	1.44	2.50	1.58	0.32	0.25 *
17	Discussing all issues during performance review	3.64	1.18	4.50	0.53	-0.86	1.91 *
29	Giving specific examples during review meeting	3.64	0.79	4.50	0.53	-0.86	4.41
30	Performance feedback helpful in subordinate's performance	4.09	0.68	4.50	0.53	-0.41	1.91 *
33	Getting good support from superiors	3.91	1.02	3.50	0.53	0.41	0.72 *
34	Management taking care in career aspirations	3.45	0.67	3.50	0.53	-0.05	0.90 *
35	Management most concerned about human capital	3.55	1.18	3.00	0.00	0.55	5.78
36	Extending full support to subordinates	3.82	0.85	4.50	0.53	-0.68	1.57 *
37	Setting reasonably high performance standards	3.64	0.66	3.00	1.05	0.64	2.42
38	Setting high performance standards is a good motivation	4.36	0.49	4.50	0.53	-0.14	0.96 *
39	Mgmt. makes efforts in smooth implementation of PMS	4.09	0.53	3.00	1.05	1.09	0.00 *
41	Effective implementation improves Company's performance	4.45	0.51	4.50	0.53	-0.05	2.49

\* p < 0.05

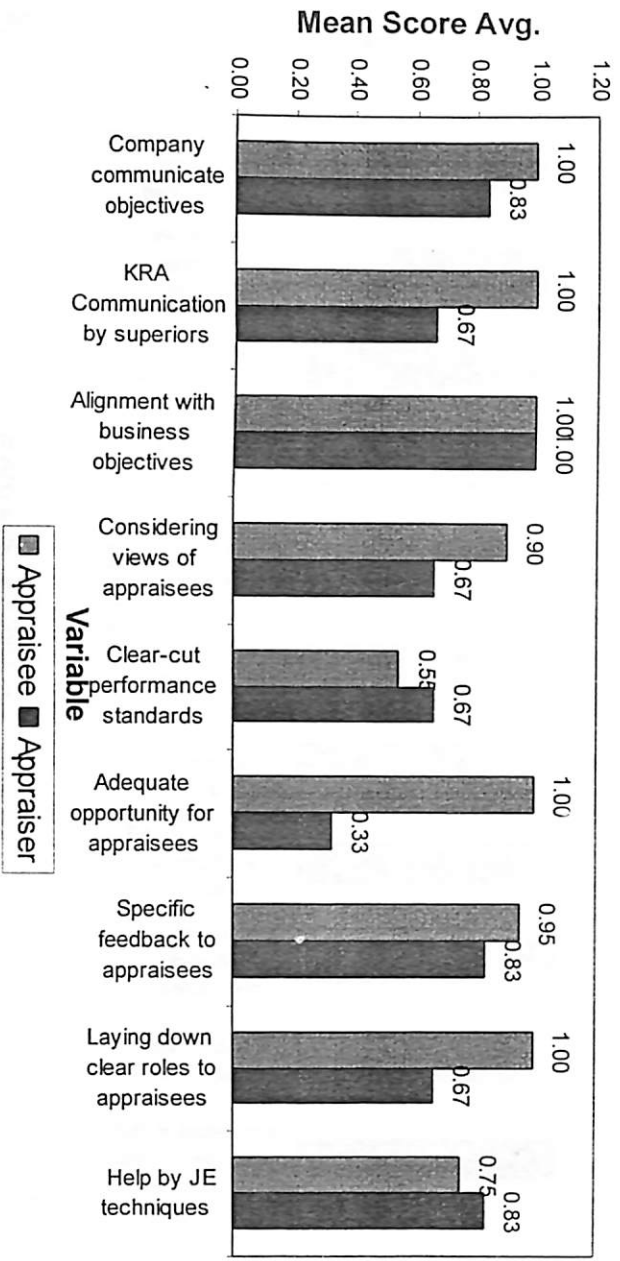


Fig. No.6.4 (a) : Content Component Variable – Graphical Presentation

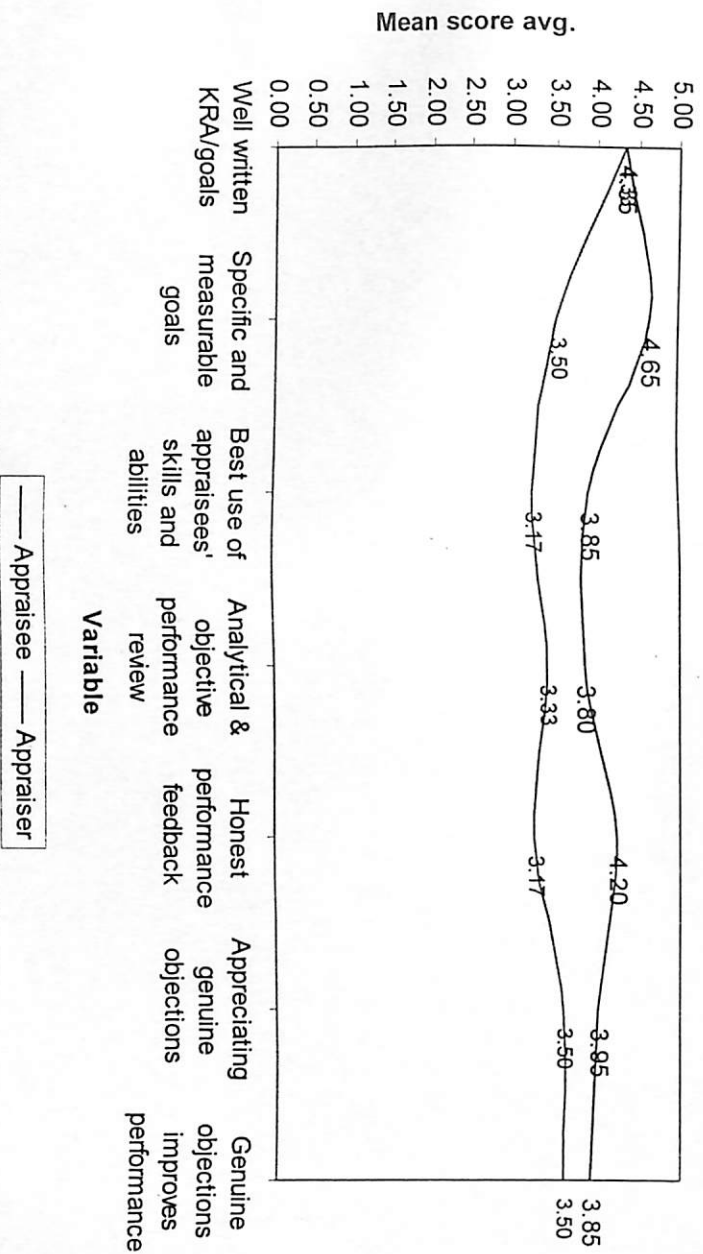


Fig. No. 6.4 (b) : Process Component Variable – Graphical Presentation

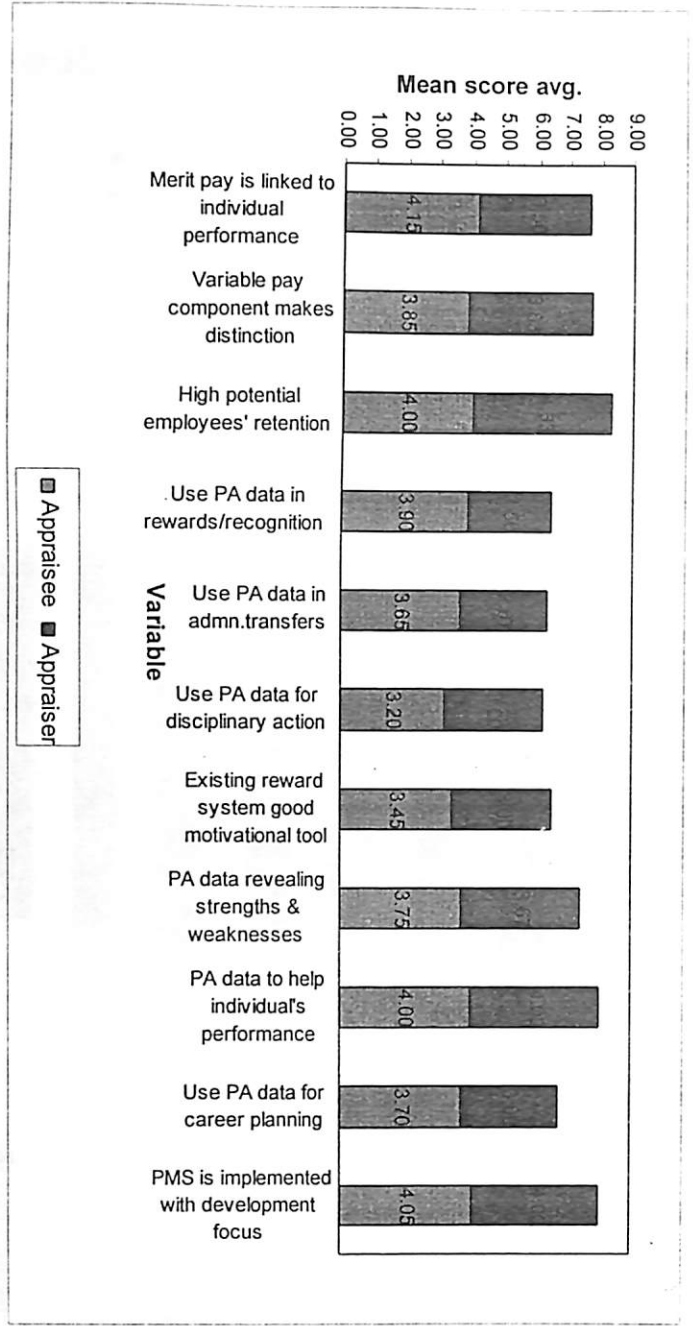
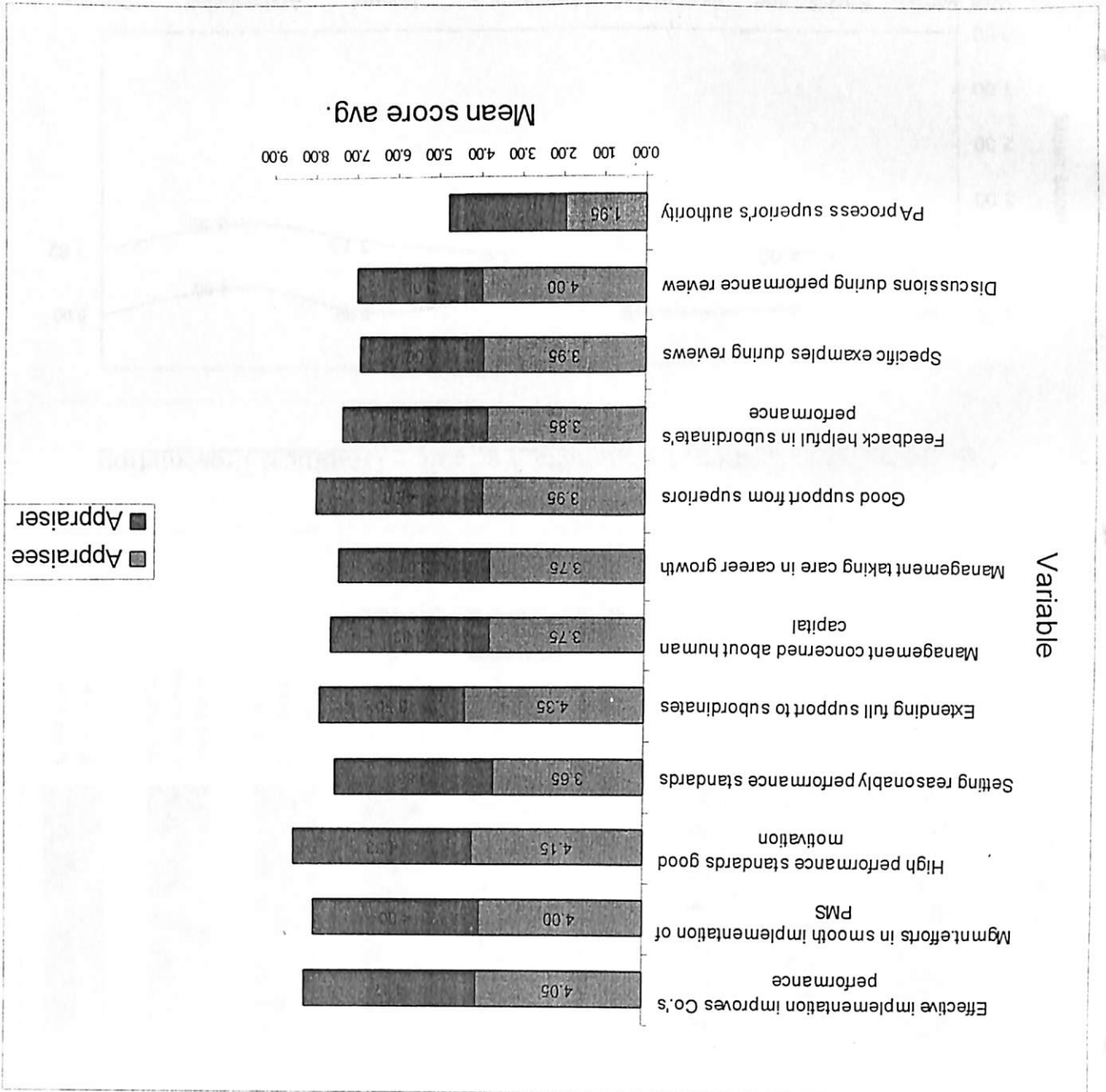


Fig. No. 6.4(c) : Output Component Variable – Graphical Presentation

Fig. No.6.4 (d) : Organizational Characteristics Variable – Graphical Presentation



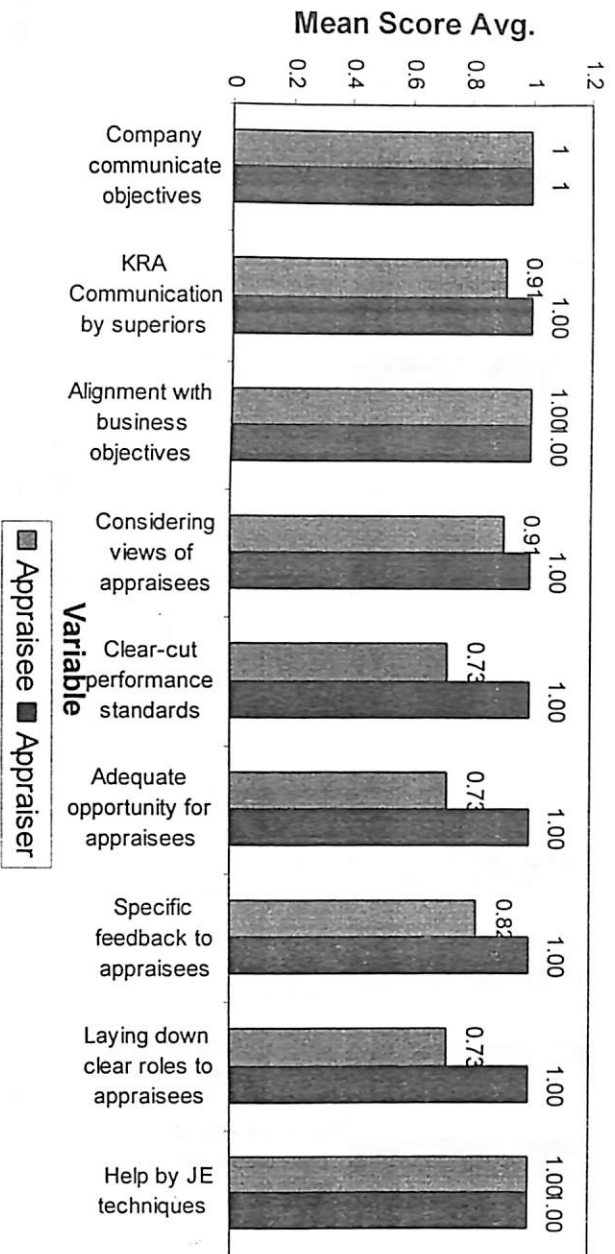


Fig. No.6.5 (a) : Content Component Variable – Graphical Presentation

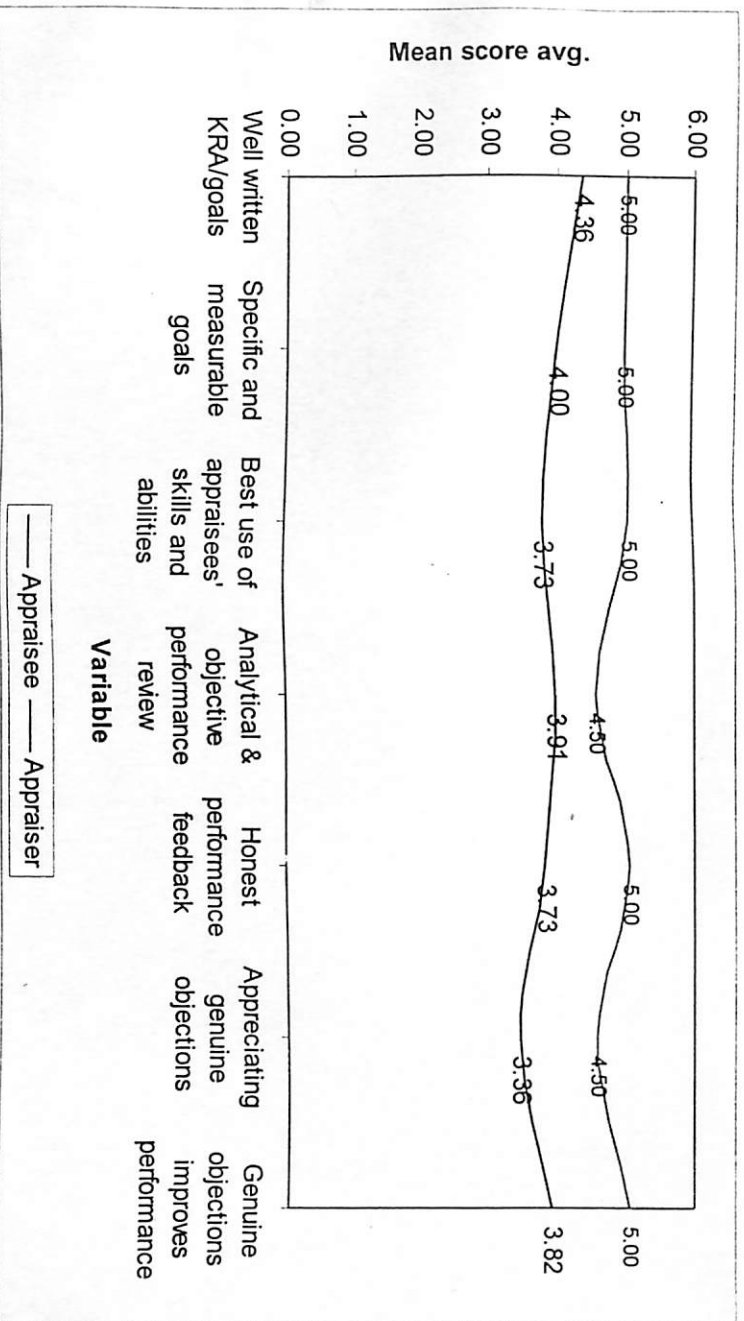


Fig.No. 6.5 (b) : Process Component Variable – Graphical Presentation

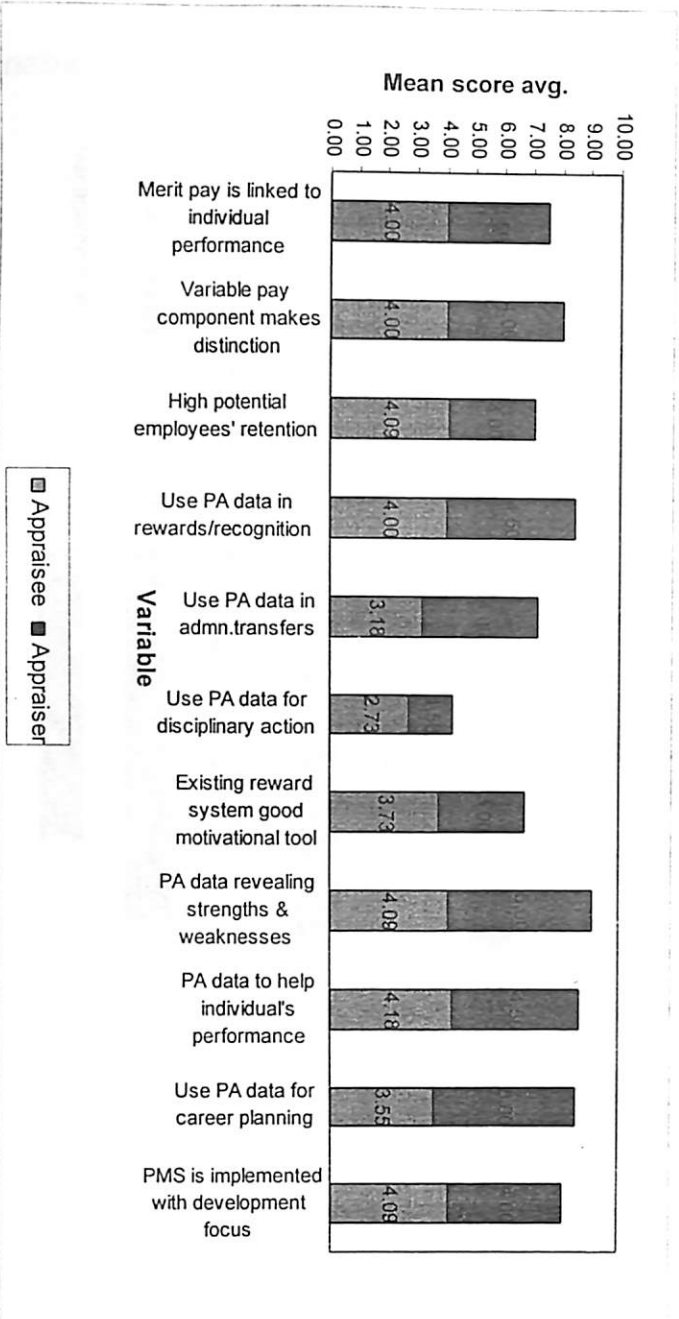


Fig. No.6.5 (c) : Output Component Variable – Graphical Presentation



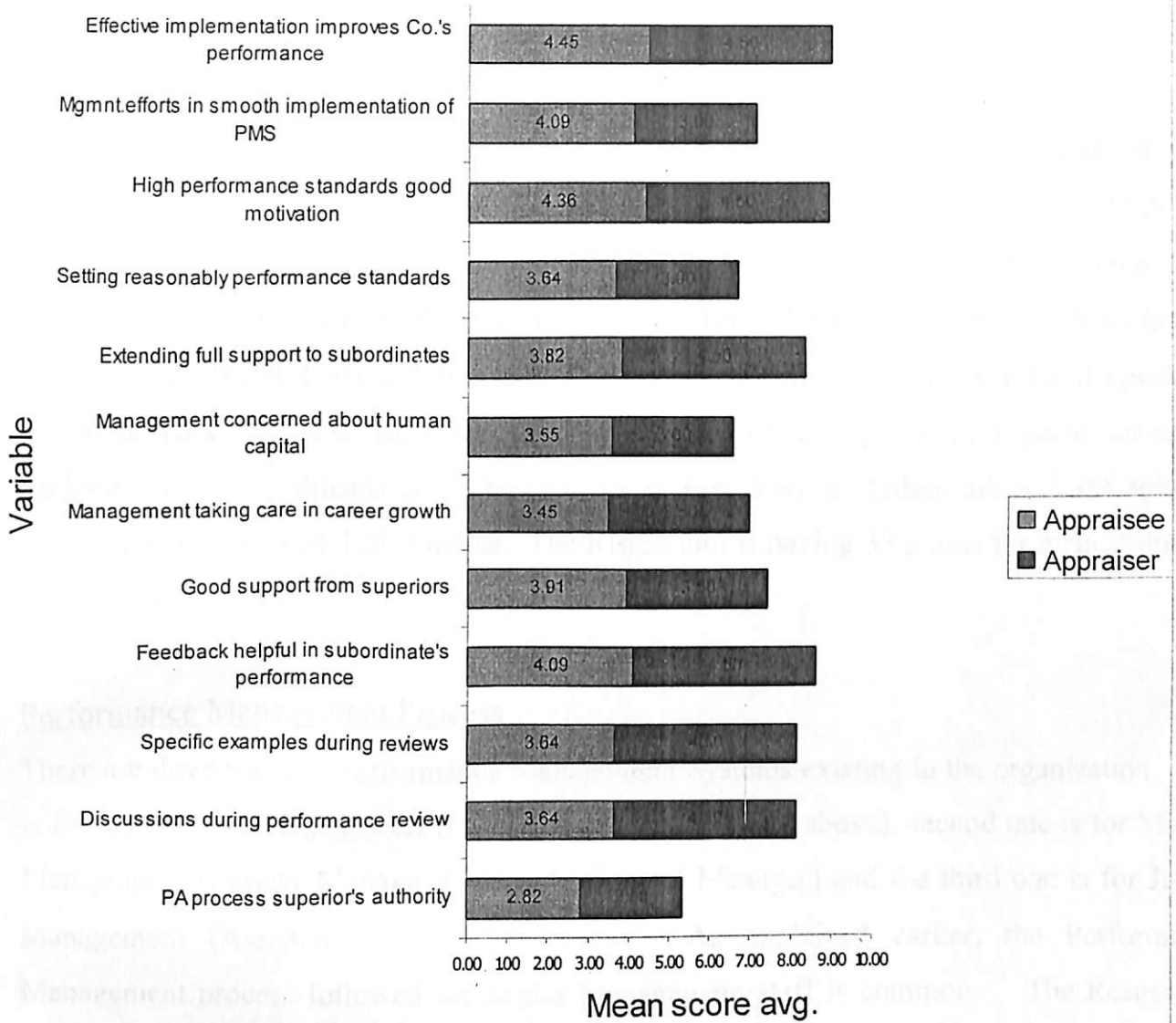


Fig.No. 6.5 (d) : Organizational Characteristics Variable – Graphical Presentation

## 6.6 Jayashree Textiles, Rishra

### Introduction

The Textiles Division of Indian Rayon operates two units in the Eastern State of West Bengal – one at Rishra and the other at Midnapur. While Rajashree Syntex at Midnapur focuses on manufacture of synthetic yarns in polyester, viscose and their blends, Jaya Shree Textiles offers a wide range of products including 100% Linen Yarns produce from quality Belgian Flax, Wool Tops and Worsted Yarns from Australian merino wool and Speciality Synthetic Yarns for Flame Retardant (FR) apparel, upholstery applications, yarns for carpet backing and sewing threads etc. The capacity of Flax Yarn at Rishra unit is 5,988 spindles and Worsted Yarn is 21,136 spindles. The Rishra unit is having 33 looms for manufacture of Linen yarn.

### Performance Management Process

There are three types of Performance Management Systems existing in the organization. One is for Senior Management staff (i.e., General Managers and above), second one is for Middle Management (Deputy Manager to Deputy General Manager) and the third one is for Junior Management (Assistant Manager & below). As explained earlier, the Performance Management process followed for Senior Management staff is common. The Researcher will explain the other two systems in detail, as given below :

### Part I : Performance Management System Study

The Performance Management Process existing in the organization is described below in Table No. 6.11 :

Table No.6.11: Performance Management Process–Deputy General Manager & below

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager and below)
1.	KRA / Goal Setting	At the beginning of each financial year, individual KRAs/ Goals are set in alignment with Department/ business goals.	At the beginning of each financial year, although KRAs/goal setting exercise is done in a more routine way, it is not structured.
2.	Frequency of Performance reviews	Half-yearly and Yearly as per the process prescribed for this purpose at Unit level.	Half-yearly and Yearly as per the process prescribed for this purpose at Unit level. But half-yearly reviews are neither structured nor systematic.
3.	Self-assessment	Self-assessment is done by the individuals in a systematic way. All facilitating / hindering factors mentioned by self.	Self-assessment is done in a semi-structured manner.
4.	Appraiser's Assessment	Performance reviews are done on half-yearly basis. All Dept.Heads/FH/UH/BH /UHR* are involved in the process. Five point achievement profile is used (e.g.,5 – Above 85% achievement; 4 – 71-84%; 3 – 61-70%; 2 – 50-60%; 1 – Below 50%).	Although, performance reviews for this category are done on half-yearly basis, annual reviews are done systematically. Only Dept.Head / Functional Heads play major roles in the process. Mid year reviews are not structured. Five point achievement profile is used (e.g.,5 – Above 85% achievement; 4 – 71-85%; 3 – 61-70%; 2 – 50-60%; 1 – Below 50%).

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager and below)
5.	Performance Appraisal Methods	Management by Objectives (MBO) method is used during Performance Planning process, and self-appraisal, graphic rating scale and forced distribution methods are used during performance review process. Although, the performance appraisal process is structured, 100% objectivity is not ensured.	The MBO method is used, though not structured, during performance planning process. During annual performance appraisal process, self-appraisal, Graphic rating scale and forced distribution methods are used. The appraisal process for this category is not fully structured.
6.	Performance Attributes	General performance attributes like Job knowledge, Planning & Organizing skills, Team work & Interpersonal Effectiveness, Communication skills etc. are used for assessing behavioral dimensions. These will be assessed on a 4-point scale; e.g., A-Excellent; B-Good; C-Satisfactory; D-Unsatisfactory.	The performance attributes are different from the earlier category. These attributes will be assessed on a 4-point scale; e.g., O-Outstanding; G-Good; A-Average; P-Poor.
7.	360-degree feedback	The 360 degree feedback exercise is not carried out for this category.	The 360 degree feedback exercise is not carried out for this category.

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager and below)
8.	Potential appraisal	Potential assessment exercise is carried out in a structured way for Dy.GM/Dept. Head level employees only for the purpose of succession planning. For others, it is not structured.	Potential assessment is not done for this category.
9.	Linkage of performance with pay	Compensation Reviews are done on annual basis. Linkage of individual performance with pay, inter alia, is one of the key elements in the compensation review proposals. Compensation reviews are done based on purely scientific formula / calculation. Total maximum score (250) = Part A, i.e. KRA (50) + Part B, i.e. Performance attributes (100) + Part C, i.e. Overall achievement (40)+Part D, i.e., Potential assessment (60). Then Normalized score is calculated, i.e., Company's Average multiplied by Individual score divided by Appraiser's Average score. Final increment percentage to be calculated on the basis of Normalized score only.	Annual pay increases are given based on the overall performance ratings, i.e., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P- Performer. Linkage of pay with performance is not scientific for this category

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager and below)
10.	Training & Development needs	Learning & development needs are identified at Unit level on annual basis, during the time of performance reviews. Necessary development inputs are given based on individual / business needs. Mostly in-house programs are organized on a regular basis.	Training needs are identified during the annual performance review process. All Technical/ Functional / Behavioral training programs are organized internally. The training needs identification process is semi-structured.

Source : Personal survey

\* FH – Functional Head; BH – Business Head; UH – Unit Head; UHR-Unit HR

### Part II : Performance Management Implementation Process

In the analysis presented at Table No. 6.12, Mean, Standard deviation and t-values (at 95% confidence level) have been calculated. SPSS (11.0 version) package has been used for the purpose of analysis.

From the analysis of Content component variable, it is very clear that all dimensions, viz: system awareness, communication of business objectives, role clarity, proper use of Job evaluation techniques etc. are significant ( $p < 0.05$ ). It means there is a great awareness and understanding of the system in the organization, 100% of the population under the study had agreed to this.

Again in the analysis of Process content variable, all the dimensions like setting specific and measurable goals to appraisees, best use of appraisees' skills and abilities, analytical and objective performance reviews, grievance mechanism etc. are significant ( $p < 0.05$ ). All the 100% population under the study had agreed that the formal process is in place.

From the analysis of Output component variable, it can be observed that except one dimension, i.e., merit pay linked to individual performance, all other dimensions, viz: Career planning, developmental uses of the system, rewards & recognition, etc. are significant. It clearly means that though employees in the organization generally agree that the performance management process is being implemented in toto, the vigor has to be strengthened.

It can also be observed from the Organisation characteristic variable that both the groups disagree on dimensions like effective performance feedback system and PA process to assert superior's authority ( $p > 0.05$ ). About 85% of the appraisee group has clearly mentioned that the performance appraisal process is being used by senior management as an Authoritative weapon.

It is clear from the analysis that very important and critical component of the performance management process, 'dyadic relationship' between the appraisee and the appraiser is missing in the organization. The superiors are presumably holding authoritative roles during implementation of the system. There needs to be changes in the cultural issues.

It is also learnt from the personal interviews with few managerial level personnel that the existing performance management system is not taking care of issues like performance feedback and support by superiors.

With a view to clearly show the differences existing in both the groups on all the four variables, the same have been depicted graphically at Fig.Nos. 6.6(a), 6.6(b), 6.6(c) and 6.6(d). Various dimensions related to the concerned variables have been taken on X-axis and the average Mean scores have been taken on Y-axis.

As part of the research study, the researcher has used interviewing technique with some Senior management officials to find out antecedents & consequences of effective implementers in the organization.

According to them, following personality characteristics / consequences that prompted them to be effective :

- Involvement & facilitation of top management;
- Personal interest and high exposure to the system;
- High intellectuals; and
- High Achievers .

The above data has been collected from HR department and personal interviews with HR Heads / key Senior Management officials.

### Findings

- This research study clearly shows that there is a clear understanding / awareness among managerial staff regarding the objectives of the PMS.
- There is a strong need of involvement & facilitation by senior management for smooth functioning of the system



Table No. 6.12 - Analysis - Jayashree Textiles

Q.No.	Variable	N1(Appraiser) = 24		N2(Appraiser) = 8		Mean Diff.	T-Value
		Mean	Std Dev	Mean	Std Dev		
<b>Content Component Variable</b>							
1	Company communicate objectives	1	0	1	0	0	0.00 *
2	KRA Communication by superiors	1	0	1	0	0	0.00 *
3	Alignment of performance with business objectives	1.00	0.00	0.91	0.30	-0.09	1.52 *
4	Considering the views of appraisees in goal setting	0.95	0.22	0.91	0.30	-0.04	0.44 *
5	Clear-cut performance standards	0.90	0.30	0.64	0.50	-0.27	1.83 *
6	Adequate opportunity reg.hindering/helping factors	1.00	0.00	1.00	0.00	0.00	0.00 *
7	Specific feedback to appraisees	0.76	0.44	1.00	0.00	0.24	0.00 *
8	Laying down clear roles to appraisees	1.00	0.00	0.91	0.30	-0.09	1.53 *
9	Help by JE techniques to identify clear responsibility	0.95	0.22	0.73	0.47	-0.23	1.86 *
<b>Process Component Variable</b>							
12	Well written KRA/goals	3.95	0.50	4.18	0.60	0.23	0.00 *
13	Setting specific and measurable goals to appraisees	4.57	0.51	4.45	0.52	-0.12	0.56 *
14	Best use of appraisees skills and abilities	4.19	0.87	4.36	0.67	0.17	0.51 *
15	Analytical & objective during performance review	4.52	0.75	4.18	0.87	-0.34	1.07 *
28	Giving honest performance feedback during review	4.10	0.77	4.36	0.67	0.27	0.88 *
31	Appreciating subordinates for genuine objections	4.05	0.50	3.91	0.70	-0.14	0.61 *
32	Genuine objections will improve superior's performance	4.24	0.62	4.09	0.70	-0.15	0.56 *
<b>Output Component Variable</b>							
18	Merit pay is linked to individual performance	4.19	0.75	3.45	0.82	-0.74	2.35
19	Variable pay component makes distinction	3.90	0.83	3.64	0.50	-0.27	0.86 *
20	High potential employees retained thro' rewards	4.00	1.00	3.73	0.90	-0.27	0.68 *
21	Use performance appraisal data in rewards/recognition	3.90	0.70	3.64	0.67	-0.27	0.95 *
22	Use performance appraisal data in admn.transfers	3.71	0.72	3.18	0.87	-0.53	0.00 *
23	Use performance appraisal data for disciplinary action	3.14	0.96	2.82	0.98	-0.32	0.82 *
24	Existing reward system good motivational tool	3.67	0.97	3.36	0.50	-0.30	0.84 *
25	PA data revealing strengths & weaknesses	3.86	0.91	3.91	0.54	0.05	0.15 *
26	Performance appraisal data to help individuals	4.00	0.84	4.09	0.54	0.09	0.29 *
27	Use performance appraisal data for career planning	3.90	0.77	3.82	0.60	-0.09	0.29 *
40	PMS is implemented with development focus	4.14	0.57	3.91	0.54	-0.23	0.00 *
<b>Organisational Characteristic Variable</b>							
16	PA process to assert superior's authority	3.10	1.00	2.18	1.33	-0.91	2.07
17	Discussing all issues during performance review	4.43	0.60	4.18	0.75	-0.25	0.95 *
29	Giving specific examples during review meeting	4.29	0.64	4.18	0.60	-0.10	0.40 *
30	Performance feedback helpful in subordinate's performance	4.48	0.68	3.73	0.90	-0.75	2.48
33	Getting good support from superiors	4.43	0.60	4.36	0.67	-0.06	0.26 *
34	Management taking care in career aspirations	4.00	0.84	3.73	0.79	-0.27	0.67 *
35	Management most concerned about human capital	4.05	0.86	3.82	0.75	-0.23	0.81 *
36	Extending full support to subordinates	4.14	0.79	4.55	0.52	0.40	1.33 *
37	Setting reasonably high performance standards	4.14	0.65	3.55	0.93	-0.60	2.01 *
38	Setting high performance standards is a good motivation	4.24	0.83	4.09	0.70	-0.15	0.45 *
39	Mgmt. makes efforts in smooth implementation of PMS	4.00	0.84	3.82	0.60	-0.18	0.56 *
41	Effective implementation improves Company's performance	4.24	0.83	3.91	0.54	-0.33	1.04 *

\* p &lt; 0.05

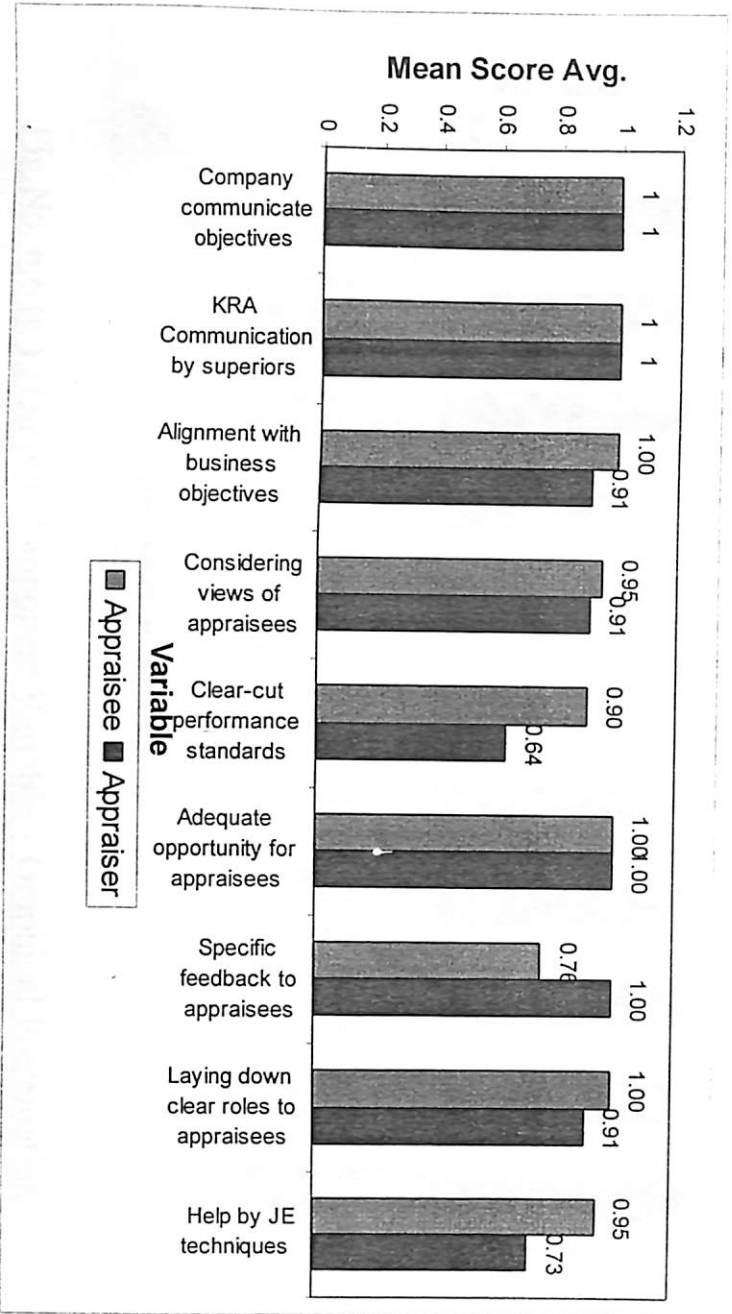


Fig. No. 6.6 (a) : Content Component Variable – Graphical Presentation

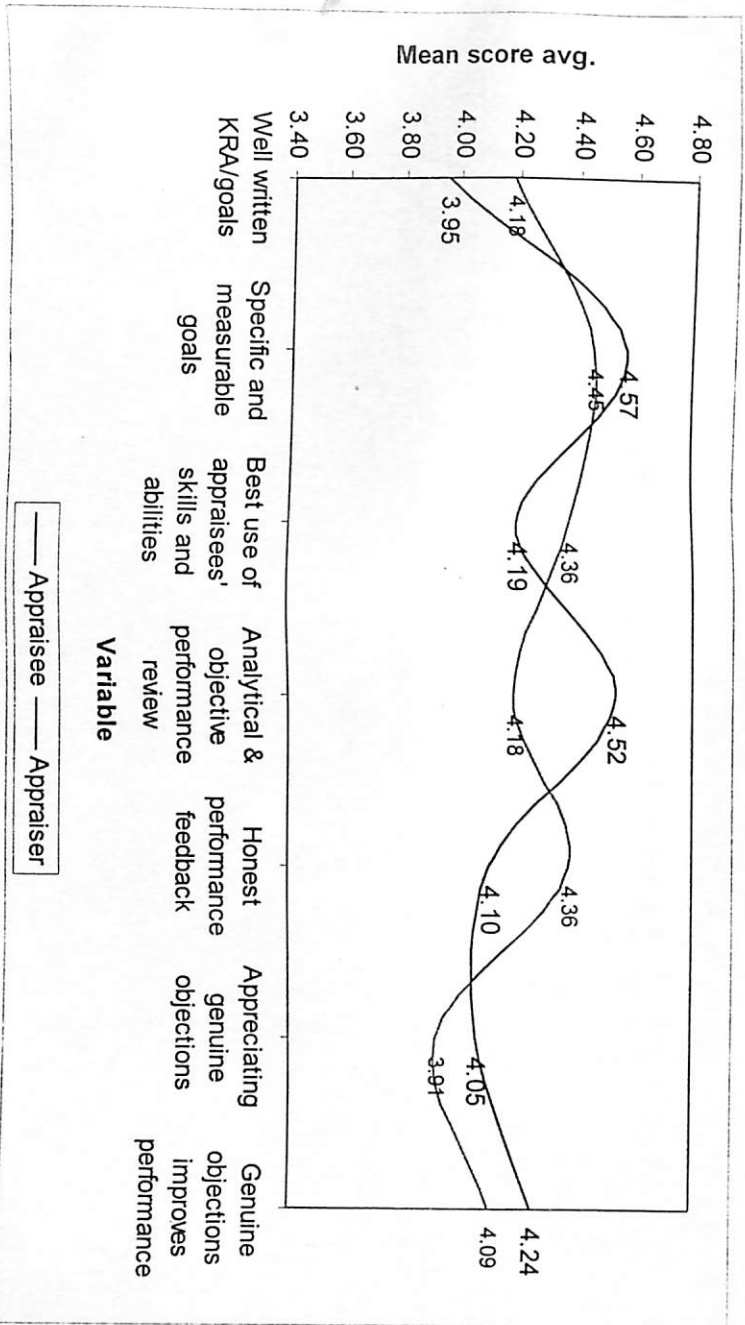


Fig. No. 6.6 (b) : Process Component Variable – Graphical Presentation

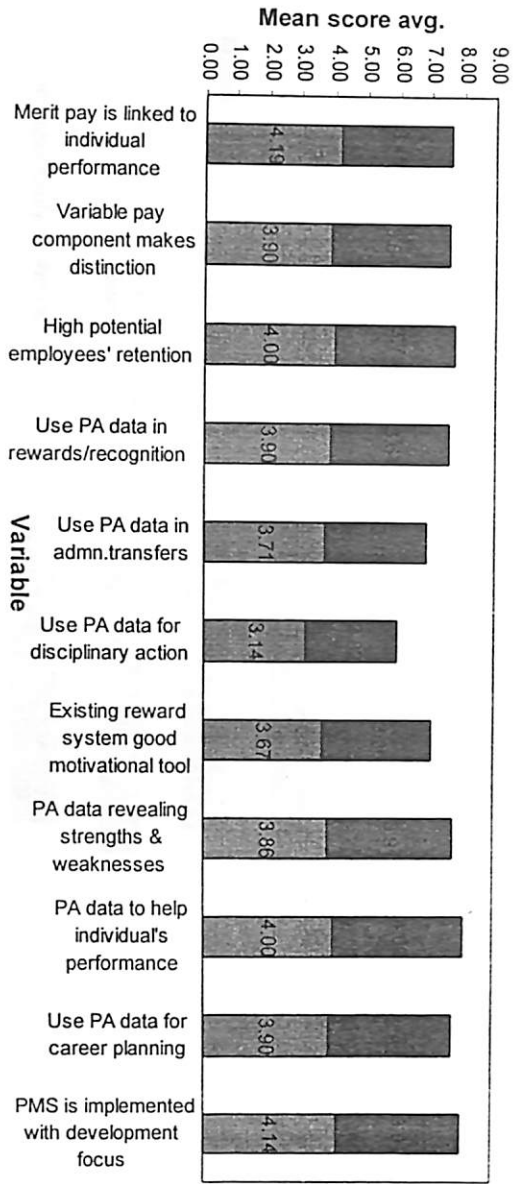
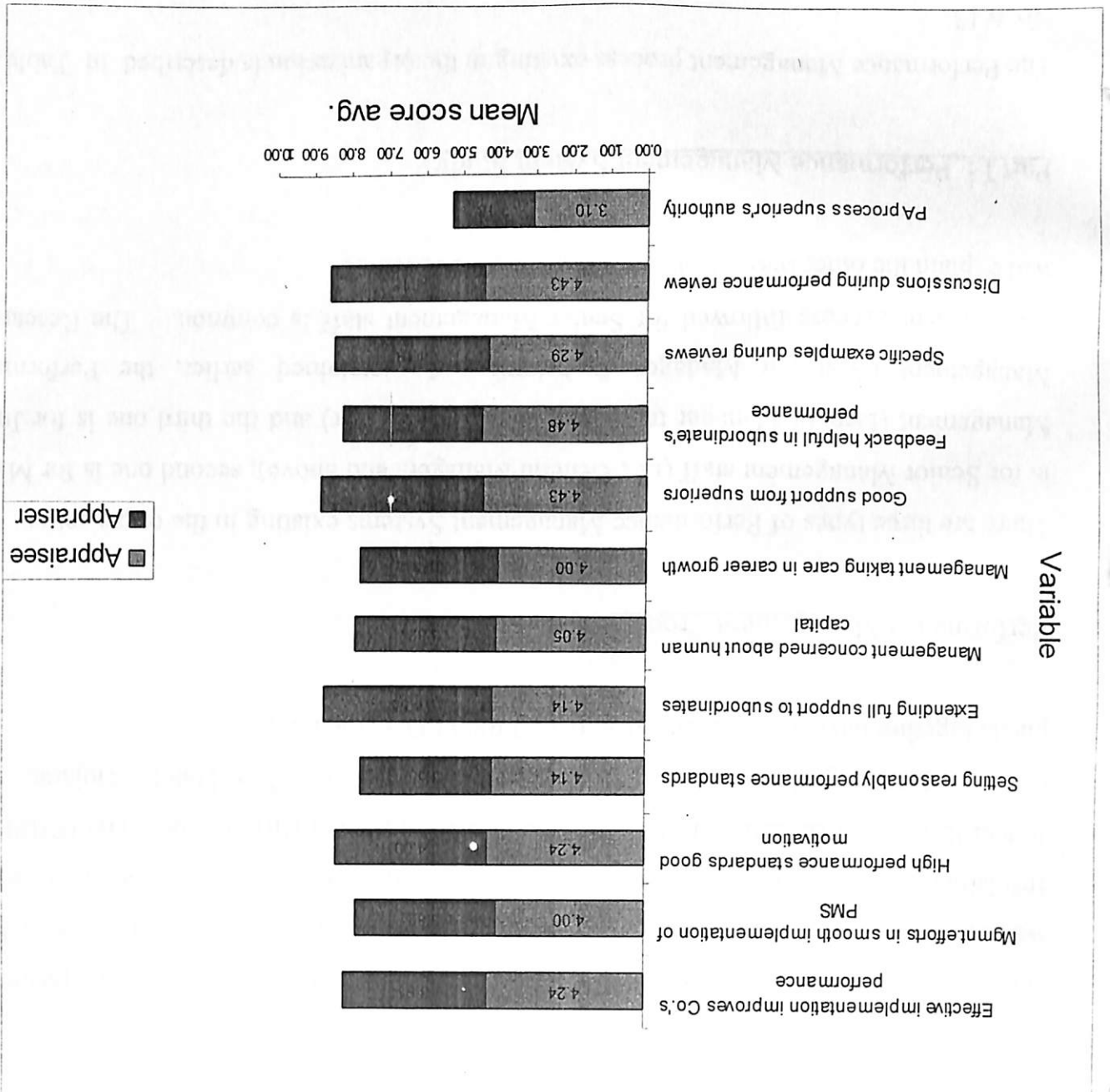


Fig.No. 6.6 (c) : Output Component Variable – Graphical Presentation

Fig.No. 6.6 (d) : Organizational Characteristics Variable – Graphical Presentation



## 6.7 Birla NGK Insulators Pvt. Ltd., Rishra

### Introduction

Birla NGK Insulators Pvt. Ltd. (BNIPL), Rishra (formerly known as Jaya Shree Insulators) was established in 1967. It is a Joint Venture company with 50:50 participation of NGK Insulators (World's No.1 in the field of porcelain insulator having 35% share world wide) and Indian Rayon and Industries Ltd., under the banner of Aditya Birla Group. The BNIPL has two manufacturing plants. One at Rishra – West Bengal and 2<sup>nd</sup> at Halol – Gujarat. Both plants together have a combined capacity of 34000 MT per annum.

### Performance Management Process

There are three types of Performance Management Systems existing in the organization. One is for Senior Management staff (i.e., General Managers and above), second one is for Middle Management (Deputy Manager to Deputy General Manager) and the third one is for Junior Management (Assistant Manager & below). As explained earlier, the Performance Management Process followed for Senior Management staff is common. The Researcher will explain the other two systems in detail, as given below :

### Part I : Performance Management System Study

The Performance Management process existing in the organization is described in Table No. 6.13

Table No.6.13:Performance Management Process–Deputy General Manager & below

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
1.	KRA / Goal Setting	At the beginning of each financial year, individual KRAs/ Goals are set in alignment with Department/ business goals.	At the beginning of each financial year, although KRAs/goal setting exercise is done in a more routine way, it is not structured.
2.	Frequency of Performance reviews	Half-yearly and Yearly as per the process prescribed for this purpose at Unit level.	Half-yearly and Yearly as per the process prescribed for this purpose at Unit level. But half-yearly reviews are neither structured nor systematic.
3.	Self-assessment	Self-assessment is done by the individuals in a systematic way. All facilitating / hindering factors mentioned by self.	Self-assessment is done in a semi-structured manner.
4.	Appraiser's Assessment	Performance reviews are done on half-yearly basis. All Dept.Heads/FH/UH/BH /UHR* are involved in the process. Five point achievement profile is used (e.g.,1 – Above 85% achievement; 2 – 70-84%; 3 – 55-69%; 4 – 40-54%; 5 – Below 40%).	Although, performance reviews for this category are done on half-yearly basis, annual reviews are done systematically. Only Dept.Head/ Functional Heads play major roles in the process. Mid year reviews are not structured. Five point achievement profile is used (e.g.,1– Above 85% achievement; 2–70-84%; 3–55-69%; 4–40-54%; 5–Below 40%

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
5.	Performance Appraisal methods	Management by Objectives (MBO) method is used during Performance Planning process, and self-appraisal, graphic rating scale and forced distribution methods are used during performance review process. Although, the performance appraisal process is structured, 100% objectivity is not ensured.	The MBO method is used, though not structured, during performance planning process. During annual performance appraisal process, self-appraisal, Graphic rating scale and forced distribution methods are used. The appraisal process for this category is not fully structured.
6.	Performance Attributes	General performance attributes like Job knowledge, Planning & Organizing skills, Interpersonal skills, Quality consciousness, etc. are used for assessing behavioral dimensions. These will be assessed by a scientific formula, i.e., Weightage of a particular attribute multiplied by rating on a 5-point scale as mentioned above.	General performance attributes like Job knowledge, Planning & Organizing skills, Interpersonal skills, Quality consciousness, etc. are used for assessing behavioral dimensions. These will be assessed by a scientific formula, i.e., Weightage of a particular attribute multiplied by rating on a 5-point scale as mentioned above.
7.	360-degree feedback	The 360 degree feedback exercise is not carried out for this category.	The 360 degree feedback exercise is not carried out for this category.

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
5.	Performance Appraisal methods	Management by Objectives (MBO) method is used during Performance Planning process, and self-appraisal, graphic rating scale and forced distribution methods are used during performance review process. Although, the performance appraisal process is structured, 100% objectivity is not ensured.	The MBO method is used, though not structured, during performance planning process. During annual performance appraisal process, self-appraisal, Graphic rating scale and forced distribution methods are used. The appraisal process for this category is not fully structured.
6.	Performance Attributes	General performance attributes like Job knowledge, Planning & Organizing skills, Interpersonal skills, Quality consciousness, etc. are used for assessing behavioral dimensions. These will be assessed by a scientific formula, i.e., Weightage of a particular attribute multiplied by rating on a 5-point scale as mentioned above.	General performance attributes like Job knowledge, Planning & Organizing skills, Interpersonal skills, Quality consciousness, etc. are used for assessing behavioral dimensions. These will be assessed by a scientific formula, i.e., Weightage of a particular attribute multiplied by rating on a 5-point scale as mentioned above.
7.	360-degree feedback	The 360 degree feedback exercise is not carried out for this category.	The 360 degree feedback exercise is not carried out for this category.



S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
8.	Potential appraisal	Potential assessment exercise is carried out in a semi-structured way for Dy.GM/Dept. Head level employees only for the purpose of succession planning. For others, it is not structured.	Potential assessment is not done for this category.
9.	Linkage of performance with pay	Compensation Reviews are done on annual basis. Linkage of individual performance with pay, inter alia, is one of the key elements in the compensation review proposals. Compensation reviews are done based on Overall performance rating obtained in achievement of results as well as behavioral dimensions. The overall rating is given on a five point scale; i.e., E.A. – Excellent Achiever; H.A. – High Achiever; C.C. – Consistent Contributor; P – Performer; and Poor.	Compensation Reviews are done on annual basis. Linkage of individual performance with pay, inter alia, is one of the key elements in the compensation review proposals. Compensation reviews are done based on Overall performance rating obtained in achievement of results as well as behavioral dimensions. The overall rating is given on a five point scale; i.e., E.A. – Excellent Achiever; H.A. – High Achiever; C.C. – Consistent Contributor; P – Performer; and Poor.

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
10.	Training & Development needs	Learning & development needs are identified at Unit level on annual basis, during the time of performance reviews. Necessary development inputs are given based on individual / business needs. Mostly in-house programs are organized on a regular basis. The training needs identification process is semi-structured.	Training needs are identified during the annual performance review process. All Technical/ Functional/ Behavioral training programs are organized internally. The training needs identification process is semi-structured.

Source : Personal survey

\* FH – Functional Head; BH – Business Head; UH – Unit Head; UHR-Unit HR

## Part II : Performance Management Implementation Process

In the analysis presented at Table No.6.14, Mean, Standard deviation and t-values (at 95% confidence level) have been calculated. SPSS (11.0 version) package has been used for the purpose of analysis.

From the analysis of Content component variable, it is very clear that there is 100% understanding and awareness amongst the appraisees and appraisers about the system objectives ( $p < 0.05$ ).

In the Process component analysis, the dimensions like setting specific and measurable goals to appraisees and analytical & objective during performance reviews are not significant ( $p > 0.05$ ). About 82% of the population under the study, particularly the appraisee groups disagreed that goal setting & performance review process is not effectively being done.

In the Output component analysis, all the dimensions, use of performance appraisal data for career planning, rewards & recognition, development use of the system, etc. are significant ( $p < 0.05$ ). All the population under the study (100%) agreed that the existing performance management system is being used for both developmental & administrative purposes.

In the Organization characteristics variable, all the dimensions, except giving specific examples during review meeting, are significant. All the 100% appraisee groups mentioned that critical incident technique is not prevalent in the organization.

With a view to clearly show the differences existing in both the groups on all the four variables, the same have been depicted graphically at Fig.Nos. 6.7(a), 6.7(b), 6.7(c) and 6.7(d). Various dimensions related to the concerned variables have been taken on X-axis and the average Mean scores have been taken on Y-axis.

As part of the research study, the researcher has used interviewing technique with some Senior / middle management officials to find out antecedents & consequences of effective implementers in the organization. According to them, following personality characteristics / consequences that prompted them to be effective :

- High academic profile;
- High influence;
- Personal rapport;
- High intellectuals; and
- High Achievers .

The above data has been collected from HR department and personal interviews with HR Heads and some key senior management officials.

### Findings

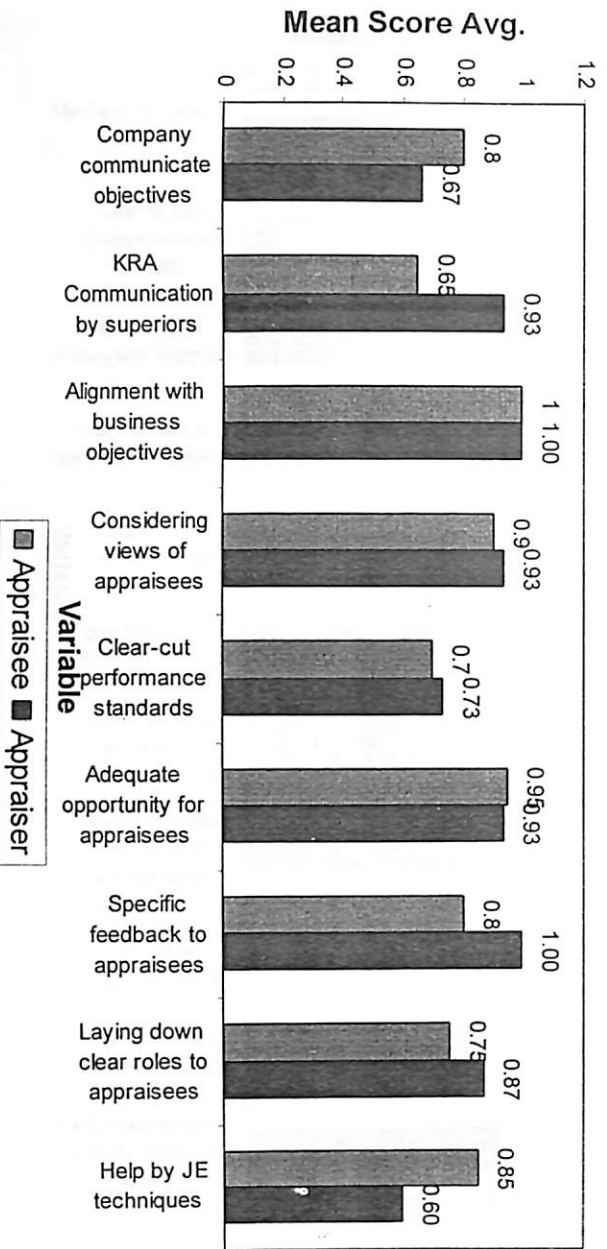
- This research study clearly shows that since the existing performance management system introduced just 3 years back, there needs to be clear understanding / awareness among managerial staff regarding the performance planning / implementation process.

- There is a need for support by senior management for smooth functioning of the system.
- The critical incident technique must be introduced and used effectively for smooth running of the system.

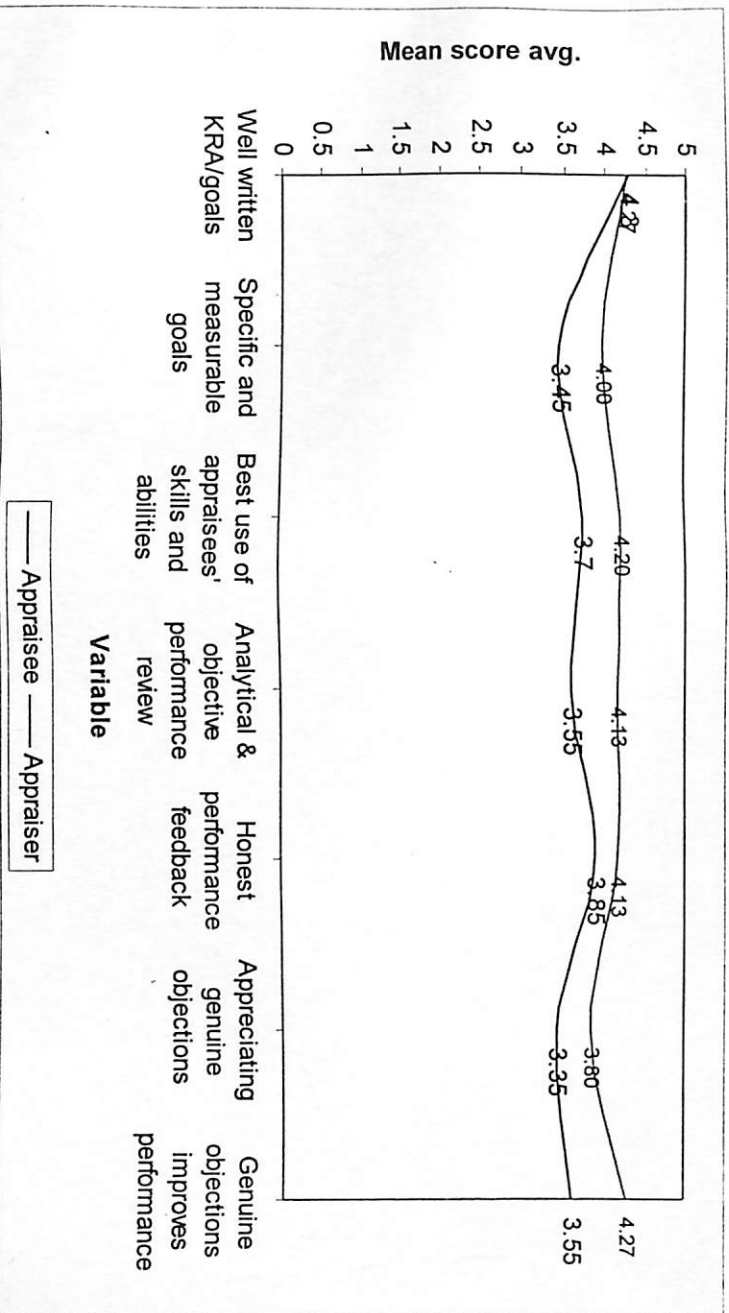
Table No. 6.14 - Analysis - Birla NGK Insulators

Q.No.	Variable	N1(Appraisee) = 27		N2(Appraiser) = 9		Mean Diff.	T-Value
		Mean	Std Dev	Mean	Std Dev		
<b>Content Component Variable</b>							
1	Company communicate objectives	0.8	0.41	0.67	0.49	0.13	0.80 *
2	KRA Communication by superiors	0.65	0.49	0.93	0.26	-0.28	1.65 *
3	Alignment of performance with business objectives	1	0.00	1.00	0.00	0.00	0.00 *
4	Considering the views of appraisees in goal setting	0.9	0.31	0.93	0.26	-0.03	0.29 *
5	Clear-cut performance standards	0.7	0.47	0.73	0.46	-0.03	0.18 *
6	Adequate opportunity reg.hindering/helping factors	0.95	0.22	0.93	0.26	0.02	0.18 *
7	Specific feedback to appraisees	0.8	0.41	1.00	0.00	-0.20	1.45 *
8	Laying down clear roles to appraisees	0.75	0.44	0.87	0.35	-0.12	0.71 *
9	Help by JE techniques to identify clear responsibility	0.85	0.37	0.60	0.51	0.25	1.61 *
<b>Process Component Variable</b>							
12	Well written KRA/goals	4.3	0.47	4.27	0.46	0.03	0.18 *
13	Setting specific and measurable goals to appraisees	3.45	0.76	4.00	0.38	-0.55	2.07
14	Best use of appraisees skills and abilities	3.7	0.73	4.20	0.77	-0.50	1.75 *
15	Analytical & objective during performance review	3.55	0.69	4.13	0.52	-0.58	2.33
28	Giving honest performance feedback during review	3.85	0.59	4.13	0.52	-0.28	1.29 *
31	Appreciating subordinates for genuine objections	3.35	0.59	3.80	0.56	-0.45	2.01 *
32	Genuine objections will improve superior's performance	3.55	0.51	4.27	0.46	-0.72	3.73
<b>Output Component Variable</b>							
18	Merit pay is linked to individual performance	3.7	0.57	3.73	0.70	-0.03	0.14 *
19	Variable pay component makes distinction	3.85	0.59	3.47	0.74	0.38	1.59 *
20	High potential employees retained thro' rewards	4.1	0.45	4.20	0.94	-0.10	0.43 *
21	Use performance appraisal data in rewards/recognition	3.9	0.45	3.73	1.10	0.17	0.65 *
22	Use performance appraisal data in admn.transfers	3.35	0.75	3.40	1.12	-0.05	0.15 *
23	Use performance appraisal data for disciplinary action	3	0.92	2.80	0.94	0.20	0.56 *
24	Existing reward system good motivational tool	3.75	0.64	3.60	0.91	0.15	0.55 *
25	PA data revealing strengths & weaknesses	3.65	0.67	3.80	0.41	-0.15	0.63 *
26	Performance appraisal data to help individuals	3.7	0.57	4.00	0.53	-0.30	1.38 *
27	Use performance appraisal data for career planning	3.4	0.60	3.87	0.64	-0.47	1.99 *
40	PMS is implemented with development focus	3.95	0.39	4.00	0.38	-0.05	0.33 *
<b>Organisational Characteristic Variable</b>							
16	PA process to assert superior's authority	2.95	1.28	2.87	1.13	0.08	0.17 *
17	Discussing all issues during performance review	3.55	0.51	4.00	0.76	-0.45	2.02 *
29	Giving specific examples during review meeting	3.4	0.75	4.20	0.56	-0.80	2.91
30	Performance feedback helpful in subordinate's performance	3.65	0.75	4.13	0.74	-0.48	1.69 *
33	Getting good support from superiors	3.95	0.51	3.93	0.59	0.02	0.08 *
34	Management taking care in career aspirations	3.65	0.59	4.00	0.38	-0.35	0.34 *
35	Management most concerned about human capital	3.6	0.50	3.67	0.49	-0.07	1.66 *
36	Extending full support to subordinates	3.9	0.45	4.07	0.26	-0.17	1.05 *
37	Setting reasonably high performance standards	3.45	0.69	3.87	0.64	-0.42	1.60 *
38	Setting high performance standards is a good motivation	3.95	0.69	3.93	0.88	0.02	0.06 *
39	Mgmt. makes efforts in smooth implementation of PMS	3.85	0.37	3.73	0.46	0.12	0.77 *
41	Effective implementation improves Company's performance	4.25	0.44	4.20	0.56	0.05	0.27 *

\* p < 0.05



**Fig.No. 6.7 (a) : Content Component Variable – Graphical Presentation**



**Fig.No. 6.7 (b) : Process Component Variable – Graphical Presentation**

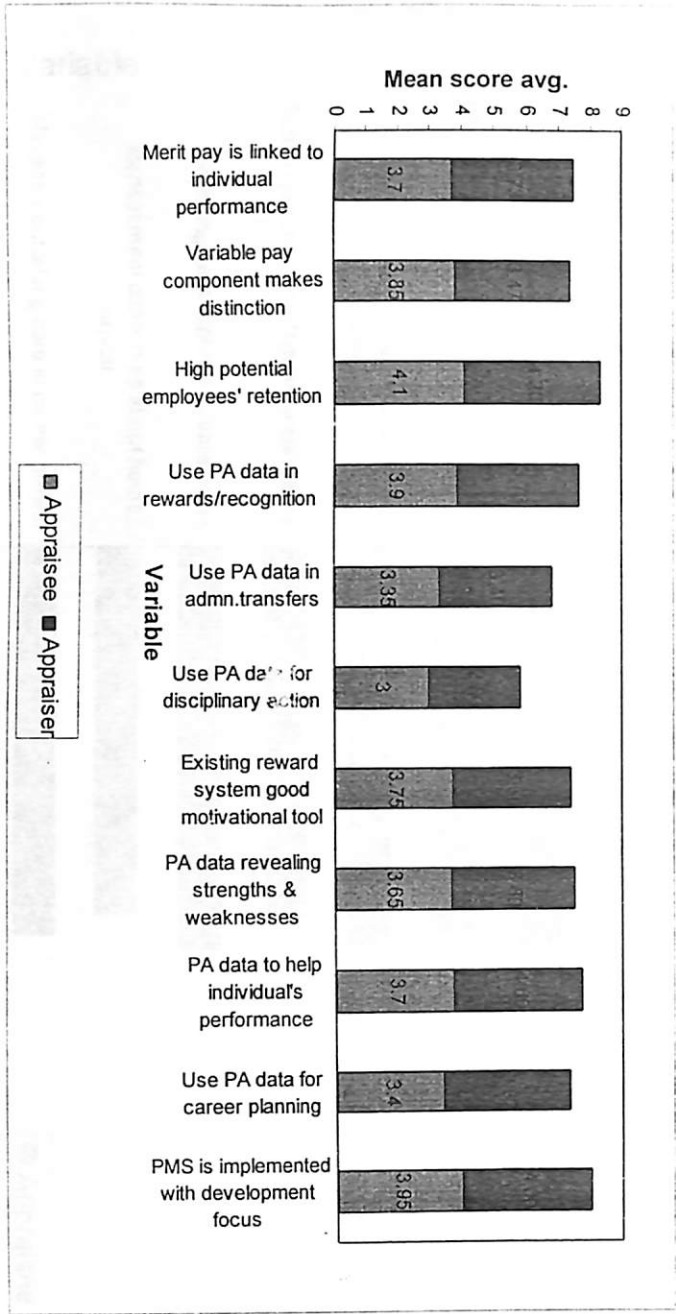


Fig.No. 6.7 (c) : Output Component Variable – Graphical Presentation

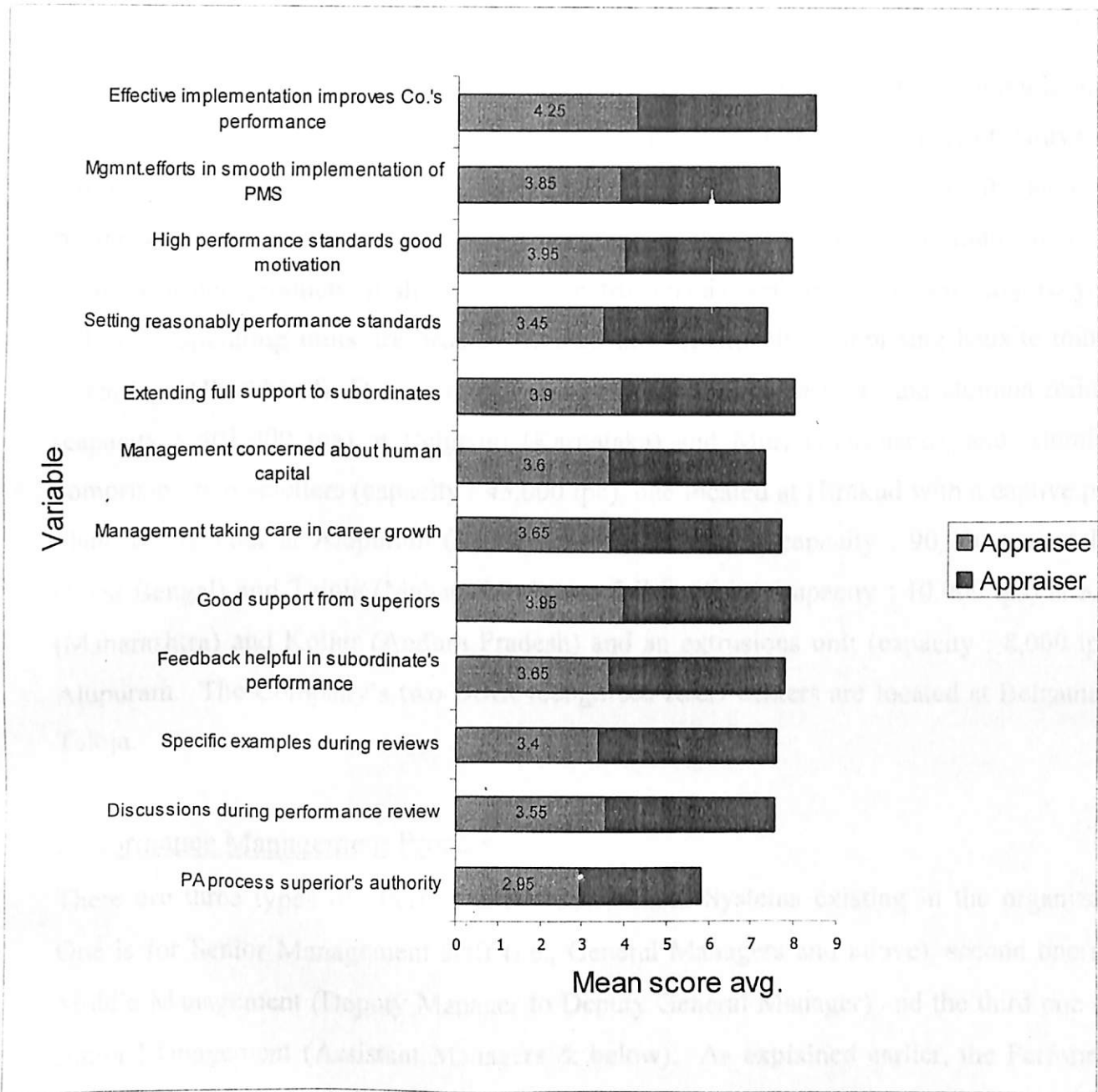


Fig.No. 6.7 (d) : Organizational Characteristics Variable – Graphical Presentation



## 6.8 Indian Aluminium Company Ltd. (INDAL), Kolkata

### Introduction

Indian Aluminium Company Limited (INDAL), the country's pioneer in aluminium, was established in 1938 and taken over by Hindalco Industries to become a part of Aditya Birla Group in June 2000. INDAL is vertically integrated through all stages of the aluminium business – from bauxite mining, alumina refining, power generation, aluminium smelting to semi-fabricated products of sheet, foil and extrusions as well as aluminium scrap recycling. INDAL's operating units are broadly divided into Chemicals, comprising bauxite mines at Lohardaga (Jharkhand), Durgmanwadi and Chandgad (Maharashtra) and alumina refineries (capacity : 401,000 tpa) at Belgaum (Karnataka) and Muri (Jharkhand), and Aluminium comprising two smelters (capacity : 43,000 tpa), one located at Hirakud with a captive power plant and another at Alupuram (Kerala), two sheet plants (capacity : 90,000 tpa) at Belur (West Bengal) and Talaja (Maharashtra), two foil facilities (capacity : 10,000 tpa) at Kalwa (Maharashtra) and Kollur (Andhra Pradesh) and an extrusions unit (capacity : 8,000 tpa) at Alupuram. The Company's two DSIR recognized R&D centers are located at Belgaum and Talaja.

### Performance Management Process

There are three types of Performance Management Systems existing in the organization. One is for Senior Management staff (i.e., General Managers and above), second one is for Middle Management (Deputy Manager to Deputy General Manager) and the third one is for Junior Management (Assistant Managers & below). As explained earlier, the Performance Management Process followed for Senior Management staff is common. The Researcher will explain the other two systems in detail, as given below :

### Part I : Performance Management System Study

The performance management process existing in the organization is described in Table No. 6.15

Table No.6.15 : Performance Management Process – Deputy General Manager & below

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
1.	KRA / Goal Setting	A well structured & systematic KRA/goal setting process started from the year 2004. Each individual has to identify 8 (eight) KRAs divided under three categories : i.e., 5 Generic KRAs (70% weightage); 2 Flexible KRAs (20% weightage); and 1 Contingency KRA (10% weightage). Any specific KRA may have more than one performance measure. The total weightage given to any specific KRA may be distributed amongst these measures in such a way that each measure has a minimum of 5% weightage.	A well structured & systematic KRA/goal setting process started from the year 2004. Each individual has to identify 8 (eight) KRAs divided under three categories : i.e., 5 Generic KRAs (70% weightage); 2 Flexible KRAs (20% weightage); and 1 Contingency KRA (10% weightage). Any specific KRA may have more than one measure. The total weightage given to any specific KRA may be distributed amongst these measures in such a way that each measure has a minimum of 5% weightage.
2.	Frequency of Performance reviews	A systematic review of KRAs / performance measures is carried out on half-yearly basis.	A systematic review of KRAs / performance measures is carried out on half-yearly basis.

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
3.	Self-assessment	Self-assessment is done by the individuals based on their individual performance and also department/ business performances. Each individual has got an opportunity to mention favourable & unfavourable factors which influenced his/her achievements.	Self-assessment is done by the individuals based on their individual performance and also department/ business performances. Each individual has got an opportunity to mention favourable & unfavourable factors which influenced his/her achievements.
4.	Appraiser's Assessment	A systematic Performance review process is carried out on half-yearly basis. A new concept ' <i>linkage</i> ' has been introduced. The importance of this linkage is that there could be measures, the achievement of which will be dependent upon contribution by other functions/ operations/ locations.	A systematic Performance review process is carried out on half-yearly basis. A new concept ' <i>linkage</i> ' has been introduced. The importance of this linkage is that there could be measures, the achievement of which will be dependent upon contribution by other functions/ operations/ locations.
5.	Performance Appraisal methods	A well structured Management by Objectives (MBO) method is used during Performance Planning process. Self-appraisal, Graphic rating scale and forced distribution methods are used in the review process.	A well structured Management by Objectives (MBO) method is used during Performance Planning process. Self-appraisal, Graphic rating scale and forced distribution methods are used in the review process.

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
6.	Performance Attributes	Critical competencies like Job Knowledge; Planning, Organizing & Control; Analytical & Problem solving; Team working ability; etc. are used. The assessment is done on a 2-point scale; i.e., Needs Improvement and Adequate. This is a semi-structured process.	Critical competencies like Job Knowledge; Planning, Organizing & Control; Analytical & Problem solving; Team working ability; etc. are used. The assessment is done on a 2-point scale; i.e., Needs Improvement and Adequate. This is a semi-structured process.
7.	360-degree feedback	There is no formal 360 degree feedback process, though the 'linkage' concept has an advantage of evaluating individual's performance by other related functional managers	There is no formal 360 degree feedback process, though the 'linkage' concept has an advantage of evaluating individual's performance by other related functional managers.
8.	Potential appraisal	Potential assessment exercise is carried out based on only business/functional needs. It is not systematic.	Potential assessment is not done for this category.
9.	Linkage of performance with pay	Compensation Reviews are done on annual basis. Linkage of individual performance with pay, is scientifically carried out, wherein overall KRA achievement / action plan	Compensation Reviews are done on annual basis. Linkage of individual performance with pay, is scientifically carried out, wherein overall KRA achievement / action plan

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
		achievement is taken into consideration while awarding pay increases. The linkage of compensation with pay is purely achievement / results based. Although overall rating is given on a 0 - 200 range, Apex Review Committee is the Final Reviewing Authority for this purpose.	achievement is taken into consideration while awarding pay increases. The linkage of compensation with pay is purely achievement / results based. Although overall rating is given on a 0 - 200 range, Apex Review Committee is the Final Reviewing Authority for this purpose.
10.	Training & Development needs	Learning & development needs are identified at Unit level on annual basis, during the time of performance reviews. Developmental needs have been broadly categorized into Technical / Functional; Behavioural/HR; Managerial/ Conceptual. After identifying the needs, the same will be reviewed and finalized by Review Committee. Both in-house/external programs are organized on a regular basis.	Training needs are identified in a very structured manner. It is done on annual basis during the time of performance reviews. After identifying the training needs, the same will be reviewed and finalized by Review Committee. Mostly in-house programs are organized on a regular basis.

Source : Personal Survey

## Part II : Performance Management Implementation Process

In the analysis presented at Table No.6.16, Mean, Standard deviation and t-values (at 95% confidence level) have been calculated. SPSS (11.0 version) package has been used for the purpose of analysis.

From the Content component analysis, it is clearly seen that all other dimensions, except one dimension specific feedback to appraisees during goal setting exercise, are significant ( $p < 0.05$ ). 83% of the population under the study agreed that they are generally aware about the system & its objectives.

It is clearly observed from the Process content variable that dimensions like analytical & objective and giving honest feedback during performance review are significant. The other dimensions, viz: Well written KRAs/goals, setting specific and measurable goals to appraisees, best use of appraisees' skills and abilities, grievance mechanism etc. are not significant ( $p > 0.05$ ). All the 100% appraisee groups felt that the performance management process is not effectively being implemented.

It can be seen from the Output component variable that all the dimensions, except one dimension variable pay component, are significant.

Likewise from the Organisation characteristic variable it is found that both the groups disagree on few dimensions like discussing all issues during performance review and extending full support in improving subordinates' performance ( $p > 0.05$ ). With the result, 75% of the appraisee groups have lost faith that the performance management process will improve company's performance.

With a view to clearly show the differences existing in both the groups on all the four variables, the same have been depicted graphically at Fig.Nos. 6.8(a), 6.8(b), 6.8(c) and

6.8(d). Various dimensions related to the concerned variables have been taken on X-axis and the average Mean scores have been taken on Y-axis.

As part of the research study, the researcher has used interviewing technique with CEO/ Senior / middle management officials to find out antecedents & consequences of effective implementers in the organization. According to them, following personality characteristics / consequences make difference between effective & non-effective implementers :

- Knowledge/exposure to the system;
- Role model;
- Rich experience;
- High intellectuals; and
- High Achievers .

The above data has been collected from HR department and personal interviews with HR Heads / Senior Management officials.

### Findings

- This research study clearly shows that since the existing performance management system introduced in the year 2004, lot of training inputs need to be given at various levels for clear understanding about the system objectives, performance planning, feedback / review mechanism etc.
- There is a need for involvement & facilitation by senior management for smooth functioning of the system.
- In the new system, for each individual KRA, there is a new element called '*linkage*'; the importance of this will be dependent upon contribution by other functions/operations/locations. This is an excellent practice.

Table No. 6.16 - Analysis - INDAL

Q.No.	Variable	N1(Appraisee) = 24		N2(Appraiser) = 8		Mean Diff.	T-Value
		Mean	Std Dev	Mean	Std Dev		
<b>Content Component Variable</b>							
1	Company communicate objectives	0.75	0.44	1.00	0.00	-0.25	1.57 *
2	KRA Communication by superiors	0.55	0.51	0.83	0.39	-0.28	1.43 *
3	Alignment of performance with business objectives	0.7	0.47	1.00	0.00	-0.30	1.78 *
4	Considering the views of appraisees in goal setting	0.8	0.41	0.83	0.39	-0.03	0.20 *
5	Clear-cut performance standards	0.6	0.50	0.83	0.39	-0.23	1.19 *
6	Adequate opportunity reg.hindering/helping factors	0.85	0.37	1.00	0.00	-0.15	1.14 *
7	Specific feedback to appraisees	0.6	0.50	1.00	0.00	-0.40	2.22
8	Laying down clear roles to appraisees	0.6	0.50	0.67	0.49	-0.07	0.33 *
9	Help by JE techniques to identify clear responsibility	0.6	0.50	0.83	0.39	-0.23	1.19 *
<b>Process Component Variable</b>							
12	Well written KRA/goals	4.1	0.64	4.67	0.49	-0.57	2.28
13	Setting specific and measurable goals to appraisees	2.95	1.05	3.83	0.94	-0.88	2.11
14	Best use of appraisees skills and abilities	3.35	0.93	4.33	0.49	-0.98	2.83
15	Analytical & objective during performance review	3.8	0.62	4.17	0.39	-0.37	1.57 *
28	Giving honest performance feedback during review	3.75	0.72	4.00	0.00	-0.25	0.98 *
31	Appreciating subordinates for genuine objections	3.35	0.99	4.33	0.49	-0.98	2.69
32	Genuine objections will improve superior's performance	3.2	0.62	4.50	0.52	-1.30	5.35
<b>Output Component Variable</b>							
18	Merit pay is linked to individual performance	3.7	0.80	4.17	0.39	-0.47	1.57 *
19	Variable pay component makes distinction	3.4	0.68	4.33	0.49	-0.93	3.56
20	High potential employees retained thro' rewards	3.35	0.88	3.50	1.31	-0.15	0.37 *
21	Use performance appraisal data in rewards/recognition	3.55	0.69	3.50	0.52	0.05	0.19 *
22	Use performance appraisal data in admn.transfers	3.25	0.72	3.67	0.78	-0.42	1.40 *
23	Use performance appraisal data for disciplinary action	2.6	0.99	2.50	0.80	0.10	0.26 *
24	Existing reward system good motivational tool	3.55	0.76	3.33	0.78	0.22	0.69 *
25	PA data revealing strengths & weaknesses	3.3	1.03	4.00	0.00	-0.70	1.90 *
26	Performance appraisal data to help individuals	3.75	0.72	4.00	0.00	-0.25	0.98 *
27	Use performance appraisal data for career planning	3.45	0.76	4.00	0.60	-0.55	1.86 *
40	PMS is implemented with development focus	3.1	1.07	3.83	0.72	-0.73	1.80 *
<b>Organisational Characteristic Variable</b>							
16	PA process to assert superior's authority	2.5	1.10	2.00	0.85	0.50	1.17 *
17	Discussing all issues during performance review	3.5	0.89	4.17	0.39	-0.67	2.04
29	Giving specific examples during review meeting	3.6	0.88	4.00	0.00	-0.40	1.27 *
30	Performance feedback helpful in subordinate's performance	3.55	0.69	4.00	0.00	-0.45	1.83 *
33	Getting good support from superiors	3.65	0.93	3.83	0.94	-0.18	0.48 *
34	Management taking care in career aspirations	3.35	0.75	3.00	0.85	0.35	0.65 *
35	Management most concerned about human capital	3.15	0.75	3.33	0.49	-0.18	1.11 *
36	Extending full support to subordinates	3.4	1.14	4.17	0.39	-0.77	1.84 *
37	Setting reasonably high performance standards	3.6	0.75	3.83	0.39	-0.23	0.83 *
38	Setting high performance standards is a good motivation	3.7	0.86	4.33	0.78	-0.63	1.83 *
39	Mgmt. makes efforts in smooth implementation of PMS	3.15	0.99	3.67	0.98	-0.52	1.28 *
41	Effective implementation improves Company's performance	4	0.46	4.50	0.52	-0.50	2.58

\* p &lt; 0.05



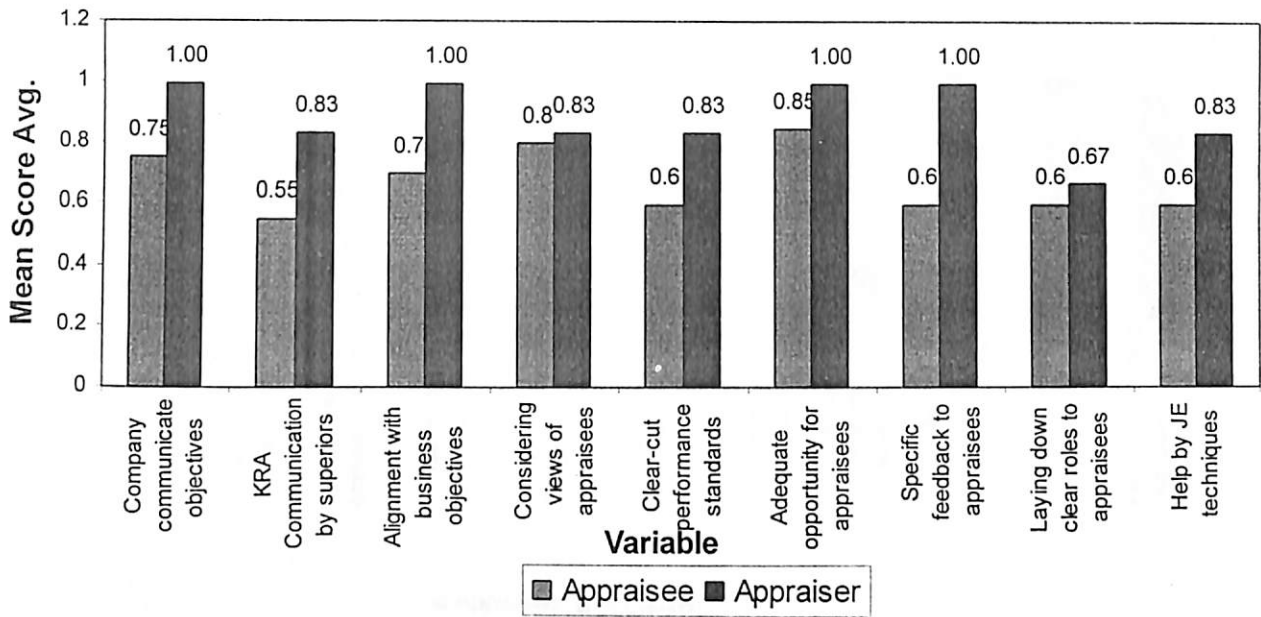


Fig.No. 6.8 (a) : Content Component Variable – Graphical Presentation

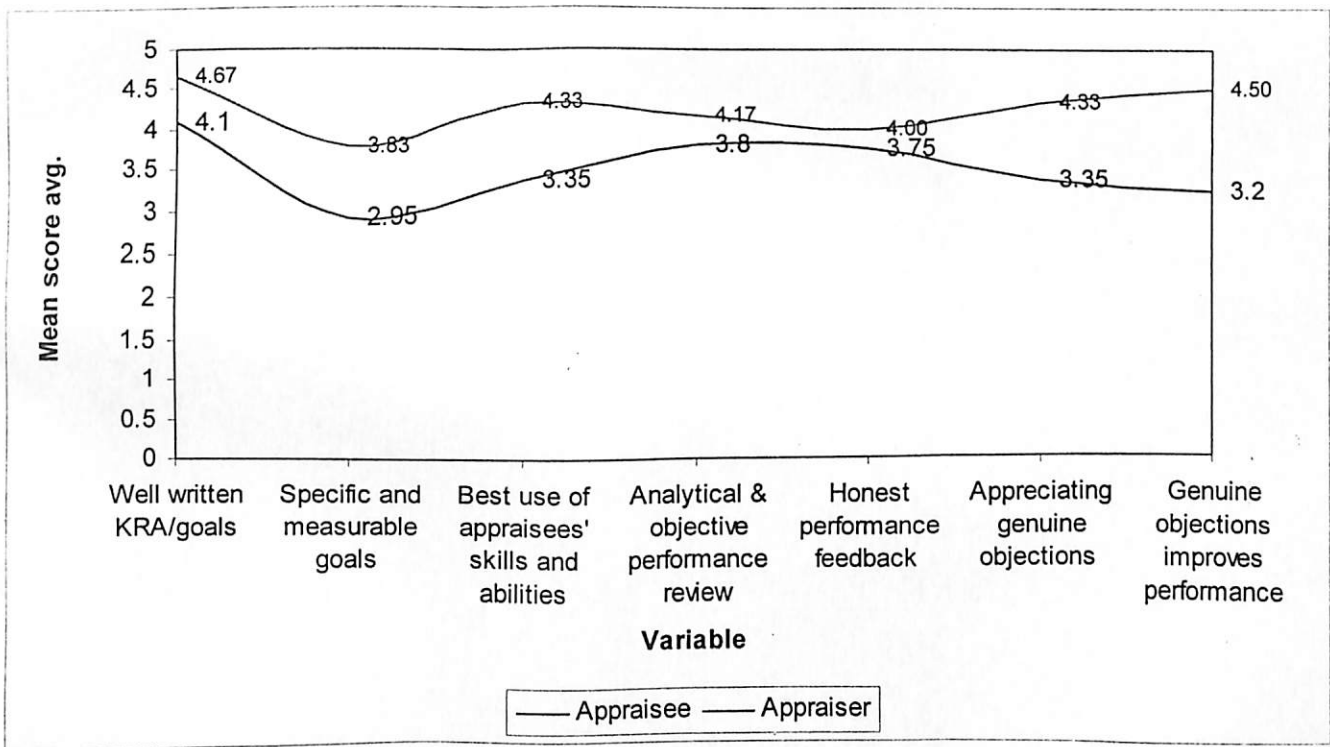


Fig. No. 6.8 (b) : Process Component Variable – Graphical Presentation

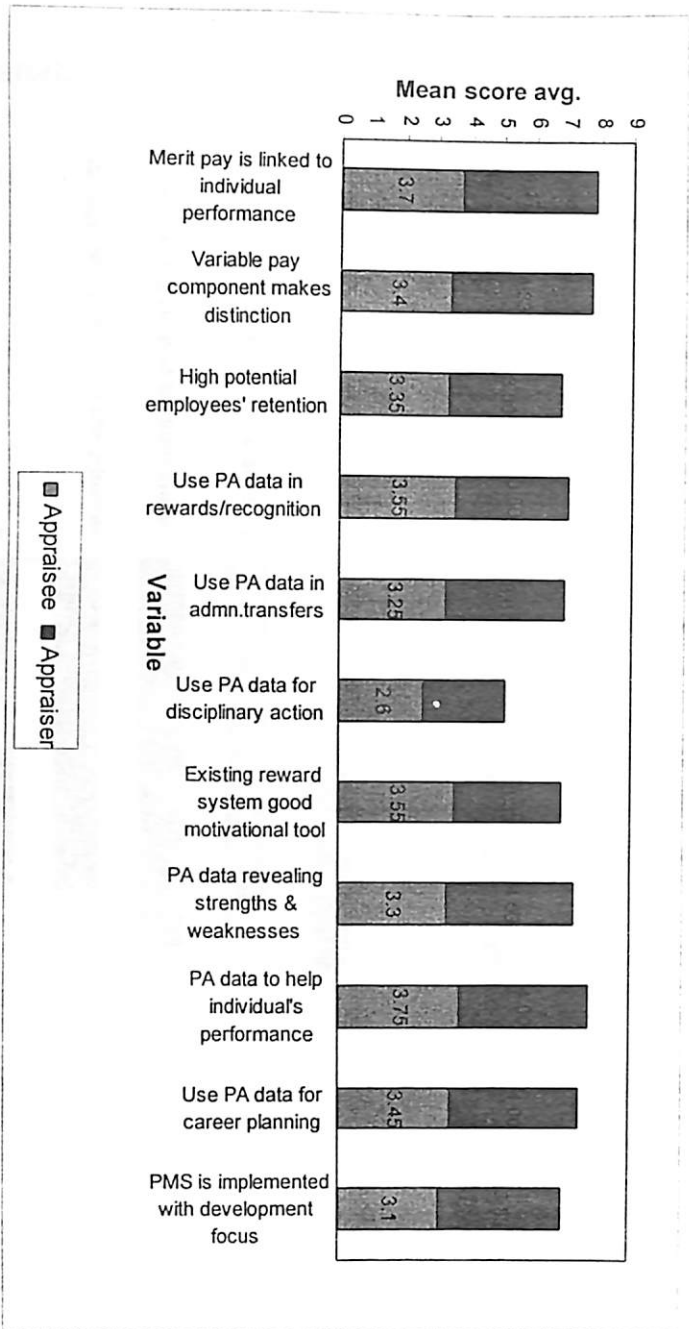


Fig.No. 6.8 (c) : Output Component Variable – Graphical Presentation

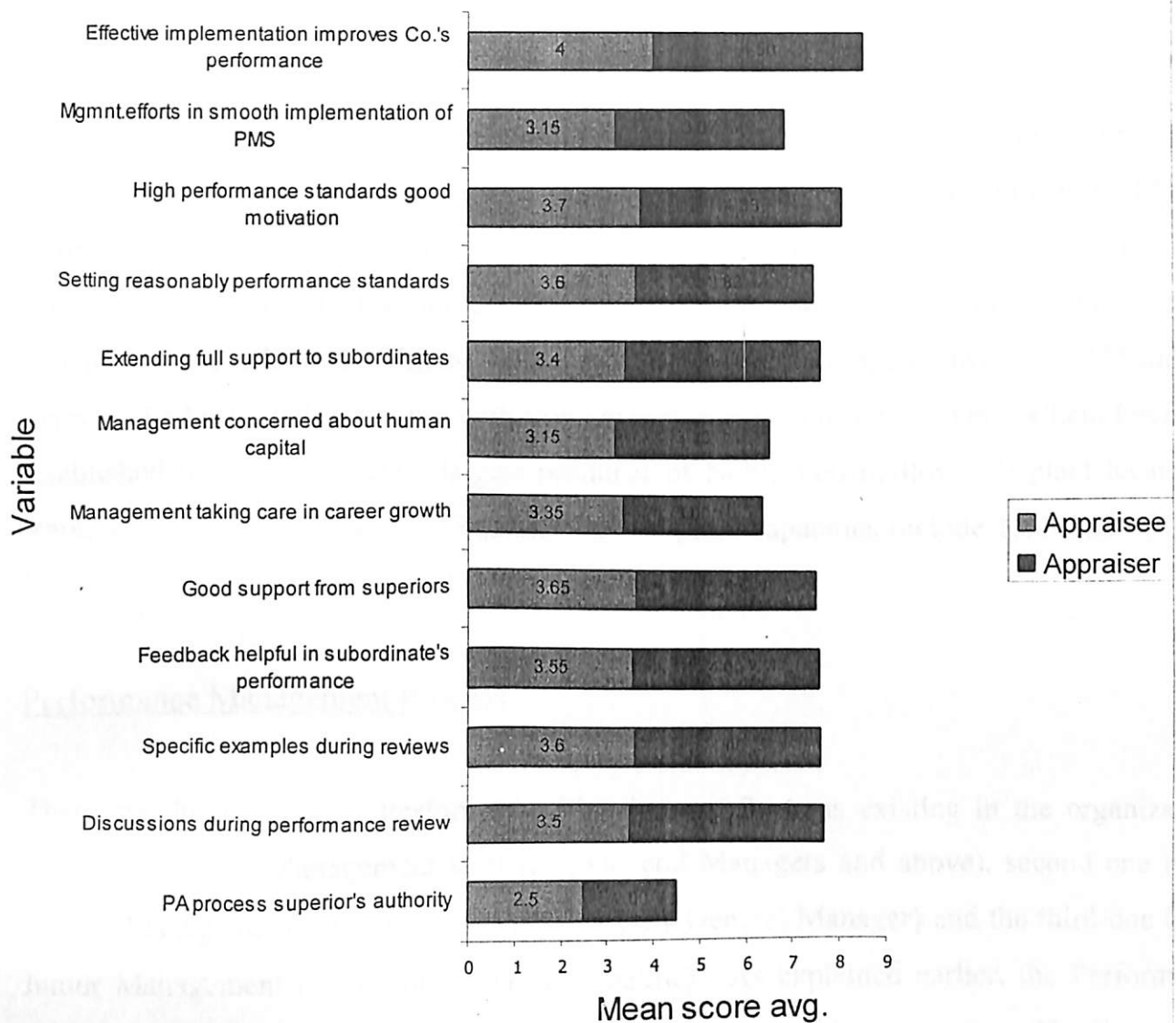


Fig.No. 6.8 (d) : Organizational Characteristics Variable – Graphical Presentation

## 6.9 Essel Mining & Industries Limited, Kolkata

### Introduction

Established in 1950, Essel Mining & Industries is today one of India's largest iron ore mining companies in the private sector. The Company is also engaged in the manufacture of Noble Ferro Alloys and HDPE Woven Sacks. It is the only ISO 9002 and ISO 14001 certified Iron ore mining company in the non-captive private sector and the first iron ore mine in the country to have achieved OHSAS 18001 certification. The Company owns over 125 million tones of the best quality iron ore with iron content in excess of 65%. Ferro-Chem Division, established in 1980, is India's largest producer of Noble Ferro-Alloys. Its plant located at Vapi, a major industrial hub in Gujarat. Current plant capacities include 1,800 tpa of Ferro Molybdenum and 300 tpa of Ferro Vanadium.

### Performance Management Process

There are three types of Performance Management Systems existing in the organization. One is for Senior Management staff (i.e., General Managers and above), second one is for Middle Management (Deputy Manager to Deputy General Manager) and the third one is for Junior Management (Assistant Manager & below). As explained earlier, the Performance Management Process followed for Senior Management staff is common. The Researcher will explain the other two systems in detail, as given below :

#### Part I : Performance Management System Study

The Performance Management Process existing in the organization is described in Table No. 6.17

**Table No.6.17 : Performance Management Process – Deputy General Manager & below**

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
1.	KRA / Goal Setting	A structured & systematic goal setting exercise started from the year 2002 through Vision/ Mission statements. At the beginning of each financial year, individual KRAs/ Goals are set in alignment with business objectives.	At the beginning of each financial year, individual KRAs/ Goals are set in alignment with business/department goals. It is a semi-structured process.
2.	Frequency of Performance reviews	A systematic review of KRA/Goals is carried out on half-yearly basis.	Though the review of KRA/goals is carried out on half-yearly basis, it is not systematic.
3.	Self-assessment	Self-assessment is done by the individuals based on their individual performance and also department/ business performances.	Self-assessment is done in a semi-structured manner for this category.
4.	Appraiser's Assessment	A systematic Performance review exercise is carried out on half-yearly basis. All FHs/Dept. Heads/UH/UHR* are involved in the process. All facilitating / hindering factors are discussed at length.	Although, the performance reviews for this category are done on half-yearly basis, annual reviews are done systematically. Only Dept. Head / Functional Heads play major roles in the process. Mid year reviews are not structured.

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
5.	Performance Appraisal methods	Management by Objectives (MBO) method is used during Performance Planning process, self-appraisal and forced distribution methods are used during performance review process .	The MBO method is used, during performance planning process. During annual performance appraisal process, self-appraisal, Graphic rating scale and forced distribution methods are used. Since the appraisal process for this category is not fully structured, 100% objectivity during performance evaluations is not ensured .
6.	Performance Attributes	Critical performance attributes like Planning & Organizing skills, Team building, Communication skills etc. are used. This is a semi-structured process.	Performance attributes like Job knowledge, Quality of output, Team building, Communication skills etc. are used. The performance attributes are different from the earlier category. This is not systematic.
7.	360-degree feedback	The 360 degree feedback exercise is not carried out for this category.	The 360 degree feedback exercise is not carried out for this category.
8.	Potential appraisal	Potential assessment exercise is carried out for G.M./Dept. Head level employees only to some extent. It is not scientific.	Potential assessment is not done for this category.

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Assistant Manager & below)
9.	Linkage of performance with pay	Compensation Reviews are done on annual basis. Linkage of individual performance with pay, <i>inter alia</i> , is one of the key elements in the compensation review proposals. Compensation reviews are done based on individual contribution/ dept. performance. Overall performance ratings are awarded to individuals based on a 4-point achievement profile (e.g., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer).	Annual pay increases are linked to the overall performance ratings, i.e., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer; NP-Non Performer.
10.	Training & Development needs	Learning & development needs are identified at Unit level on annual basis, during the time of performance reviews. Necessary development inputs are given based on individual / business needs. Both inhouse/outside programs are organized on a regular basis.	Training needs are identified during the performance appraisal/review process. It is not a structured activity. All Functional/Behavioral training programs are organized internally.

Source : Personal Survey

\* FH – Functional Head; BH – Business Head; UH – Unit Head; UHR-Unit HR

## Part II : Performance Management Implementation Process

In the analysis presented at Table No. 6.18, Mean, Standard deviation and t-values (at 95% confidence level) have been calculated. SPSS (11.0 version) package has been used for the purpose of analysis.

From the Content component analysis, it is found that all the dimensions like company communicating objectives, KRA communication by superiors, Laying down clear roles to appraisees, help by JE techniques to identify clear responsibility etc. are significant ( $p < 0.05$ ). Both the target groups (appraisers & appraisees) agree on these dimensions.

It is observed from the Process component analysis that one dimension, e.g., Setting specific and measurable goals to appraisees is not significant. Both the target groups, particularly, the appraisee groups do not agree on this dimension.

About 50% of the population under the study, particularly the appraisee groups mentioned that the performance planning process has not been percolated down the line.

In the analysis of Output component variable, it can be seen that both the target groups agree on some attributes like merit pay linked to individual performance, PA data revealing strengths & weaknesses, retaining high potential employees through rewards and use of PA data to help individuals, etc ( $p < 0.05$ ). But at the same time it can be observed from the analysis that particularly, the appraisee groups (100%), do not agree on one dimension use of PA data in rewards/recognition. It is clear that the performance management process is not linked to the reward mechanism. This has also been confirmed through personal interviews with some appraisers / appraisees.

From the analysis of Organization characteristic variable, it can be observed that some dimensions, viz: giving specific examples during review meeting, getting good support from superiors, management most concerned about human capital and setting high



performance standards is a good motivation are not significant ( $p > 0.05$ ). The appraisee groups (90%) mentioned that there is a strong need for involvement by superiors in the performance management process. This has been further confirmed during personal interviews with some of the management staff.

With a view to clearly show the differences existing in both the groups on all the four variables, the same have been depicted graphically at Fig.Nos. 6.9(a), 6.9(b), 6.9(c) and 6.9(d). Various dimensions related to the concerned variables have been taken on X-axis and the average Mean scores have been taken on Y-axis.

As part of the research study, the researcher has used interviewing technique with some middle/junior management staff and also with Head (HR) to find out antecedents & consequences of effective implementers in the organization. According to them, following personality characteristics / consequences that make distinction between the effective and non-effective implementers :

- Self-confidence;
- Well discipline;
- Organization structural issues (flat organization structure);
- Good academic background;
- Good exposure to the system; and
- Consistently high achievers .

### Findings

- This research study clearly shows that there is a clear understanding / awareness among managerial staff regarding the objectives of the PMS.
- There is a strong need of involvement of senior management people in performance management process. This will also take care of developmental issues like linkages with career planning process development, reward mechanism etc.

Table No. 6.18 - Analysis - Essel Mining & Industries Limited

Q.No.	Variable	N1(Appraisee) = 18		N2(Appraiser) = 6		Mean Diff.	T-Value
		Mean	Std Dev	Mean	Std Dev		
<b>Content Component Variable</b>							
1	Company communicate objectives	0.8	0.41	1.00	0.00	-0.20	1.16 *
2	KRA Communication by superiors	1	0.00	1.00	0.00	0.00	0.00 *
3	Alignment of performance with business objectives	1	0.00	1.00	0.00	0.00	0.00 *
4	Considering the views of appraisees in goal setting	1	0.00	1.00	0.00	0.00	0.00 *
5	Clear-cut performance standards	0.6	0.51	1.00	0.00	-0.40	1.90 *
6	Adequate opportunity reg.hindering/helping factors	0.8	0.41	1.00	0.00	-0.20	1.16 *
7	Specific feedback to appraisees	0.6	0.51	1.00	0.00	-0.40	1.90 *
8	Laying down clear roles to appraisees	0.6	0.51	0.75	0.46	-0.15	0.00 *
9	Help by JE techniques to identify clear responsibility	0.8	0.41	1.00	0.00	-0.20	1.16 *
<b>Process Component Variable</b>							
12	Well written KRA/goals	4.6	0.83	4.75	0.46	-0.15	0.41 *
13	Setting specific and measurable goals to appraisees	3.8	0.41	4.50	0.53	-0.70	3.34
14	Best use of appraisees skills and abilities	4.2	0.41	4.50	0.53	-0.30	1.43 *
15	Analytical & objective during performance review	4.4	0.51	4.25	0.46	0.15	0.64 *
28	Giving honest performance feedback during review	4.2	0.77	4.75	0.46	-0.55	1.63 *
31	Appreciating subordinates for genuine objections	4.6	0.51	4.25	0.46	0.35	1.49 *
32	Genuine objections will improve superior's performance	4.4	0.83	4.50	0.53	-0.10	0.27 *
<b>Output Component Variable</b>							
18	Merit pay is linked to individual performance	2.8	1.01	3.50	0.93	-0.70	1.49 *
19	Variable pay component makes distinction	3.6	0.51	4.00	0.00	-0.40	1.90 *
20	High potential employees retained thro' rewards	2.2	1.21	3.25	1.39	-1.05	1.78 *
21	Use performance appraisal data in rewards/recognition	2.4	0.51	4.25	0.46	-1.85	7.89
22	Use performance appraisal data in admn.transfers	3.2	0.41	3.50	0.93	-0.30	1.11 *
23	Use performance appraisal data for disciplinary action	2.4	0.83	3.25	1.39	-0.85	1.83 *
24	Existing reward system good motivational tool	2.6	1.06	3.50	1.60	-0.90	1.59 *
25	PA data revealing strengths & weaknesses	3.8	0.41	4.00	0.00	-0.20	1.16 *
26	Performance appraisal data to help individuals	4.4	0.51	4.50	0.53	-0.10	0.49 *
27	Use performance appraisal data for career planning	3.6	0.51	4.00	0.00	-0.40	1.90 *
40	PMS is implemented with development focus	4.2	0.41	4.25	0.46	-0.05	0.25 *
<b>Organisational Characteristic Variable</b>							
16	PA process to assert superior's authority	2.6	0.83	2.75	0.89	-0.15	0.38 *
17	Discussing all issues during performance review	4.2	0.77	4.50	0.53	-0.30	0.87 *
29	Giving specific examples during review meeting	3.8	0.41	4.50	0.53	-0.70	3.34
30	Performance feedback helpful in subordinate's performance	4.4	0.51	4.50	0.53	-0.10	0.41 *
33	Getting good support from superiors	4.6	0.51	4.00	0.76	0.60	2.22
34	Management taking care in career aspirations	2.2	0.77	3.75	0.46	-1.55	1.25 *
35	Management most concerned about human capital	3	0.00	3.25	0.89	-0.25	4.59
36	Extending full support to subordinates	4.4	0.83	5.00	0.00	-0.60	1.75 *
37	Setting reasonably high performance standards	4	0.65	4.25	0.46	-0.25	0.86 *
38	Setting high performance standards is a good motivation	3.8	0.41	4.50	0.53	-0.70	3.34
39	Mgmt. makes efforts in smooth implementation of PMS	4	0.00	4.25	0.46	-0.25	0.00 *
41	Effective implementation improves Company's performance	4.2	0.41	4.50	0.53	-0.30	1.43 *

\* p < 0.05

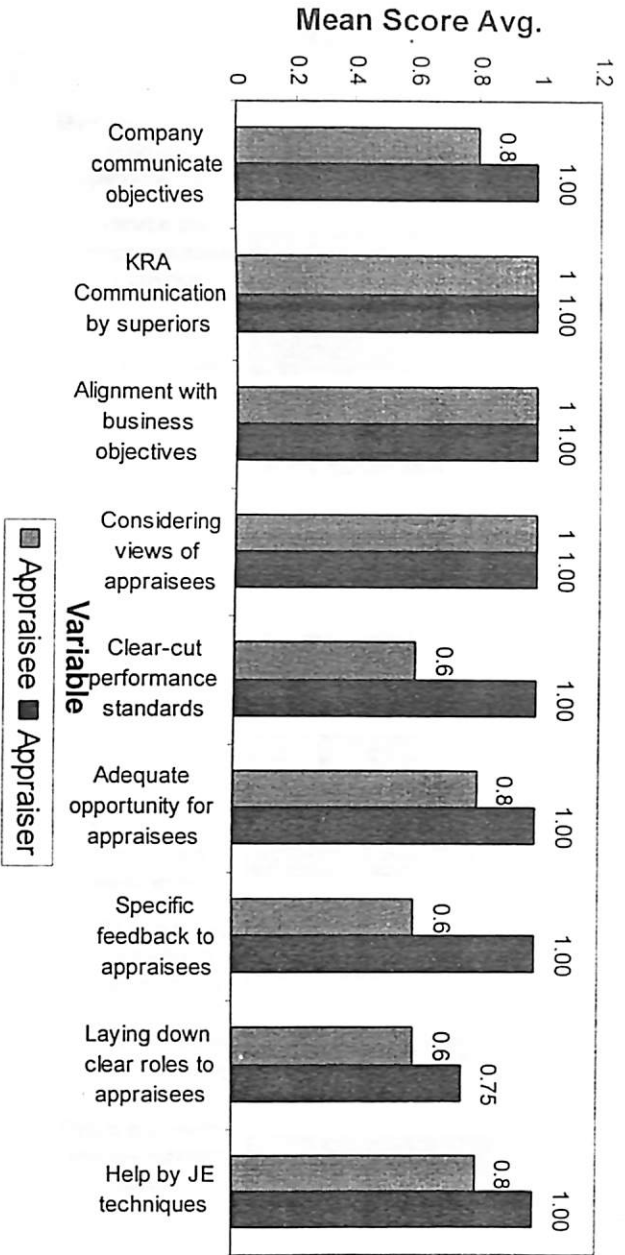


Fig.No. 6.9 (a) : Content Component Variable – Graphical Presentation

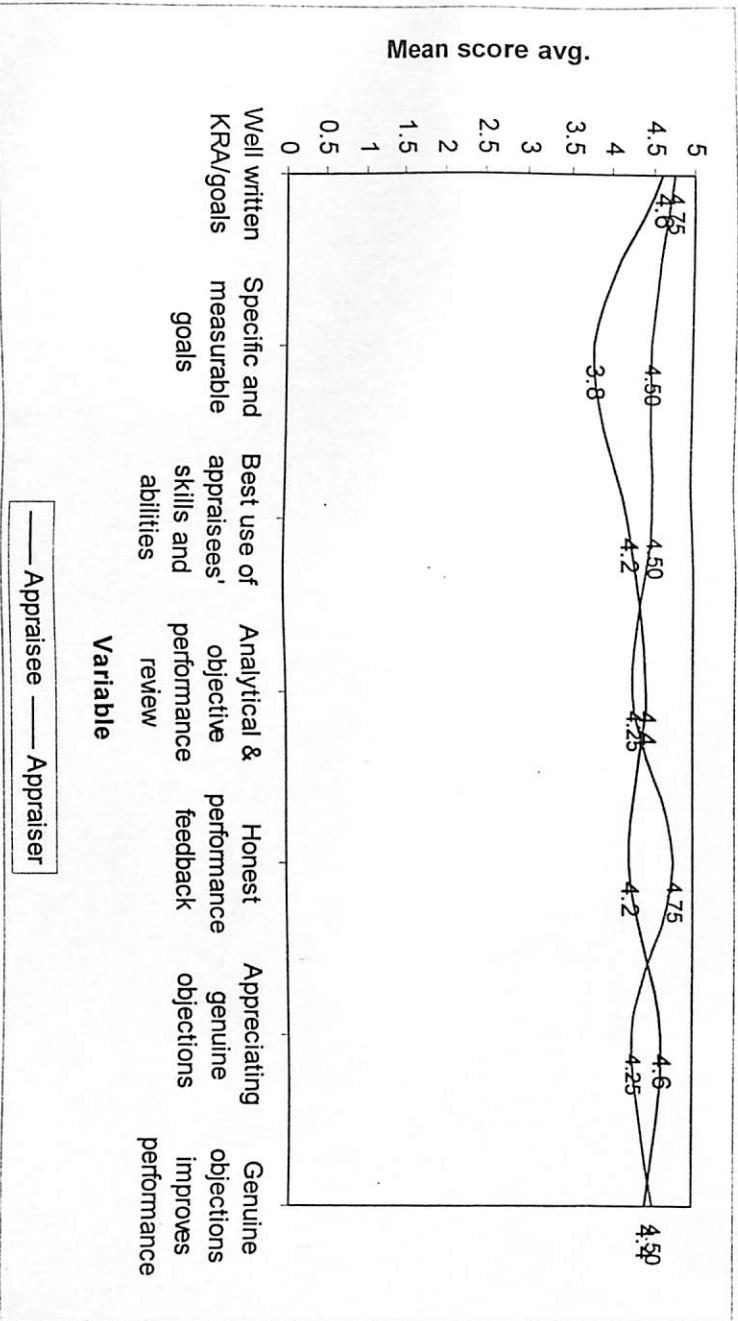


Fig. No.6.9 (b) : Process Component Variable – Graphical Presentation

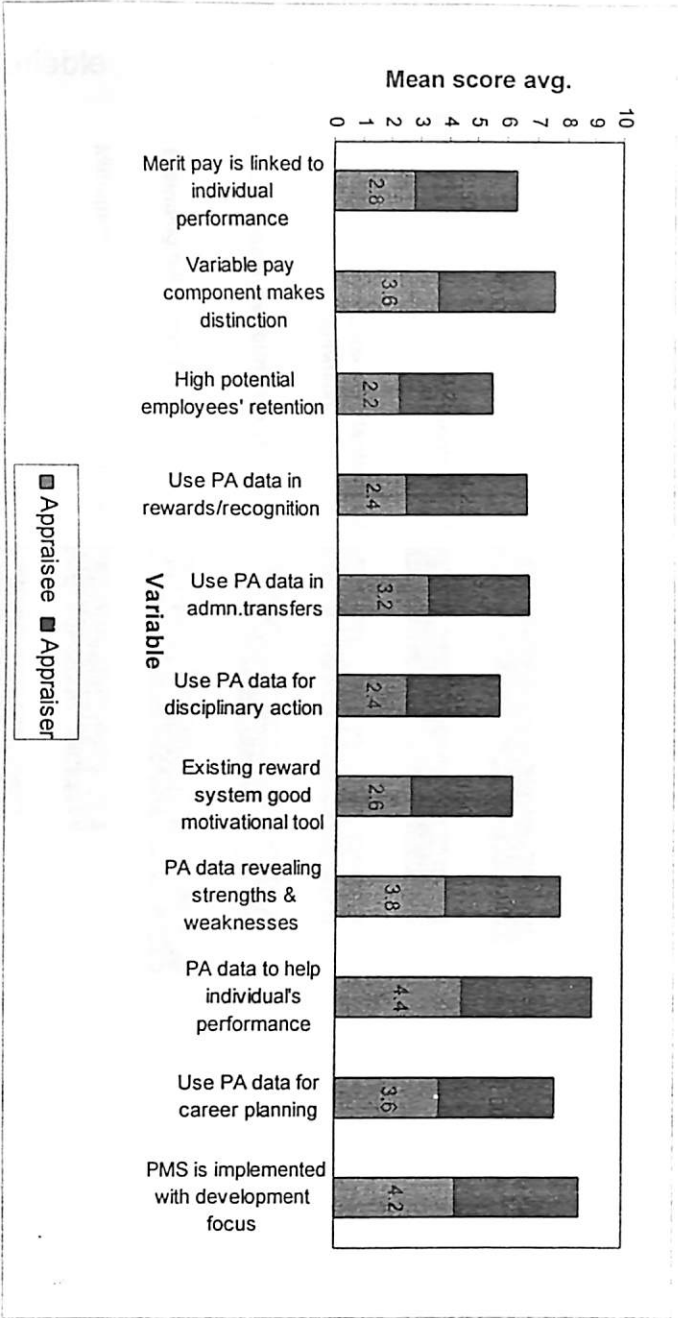
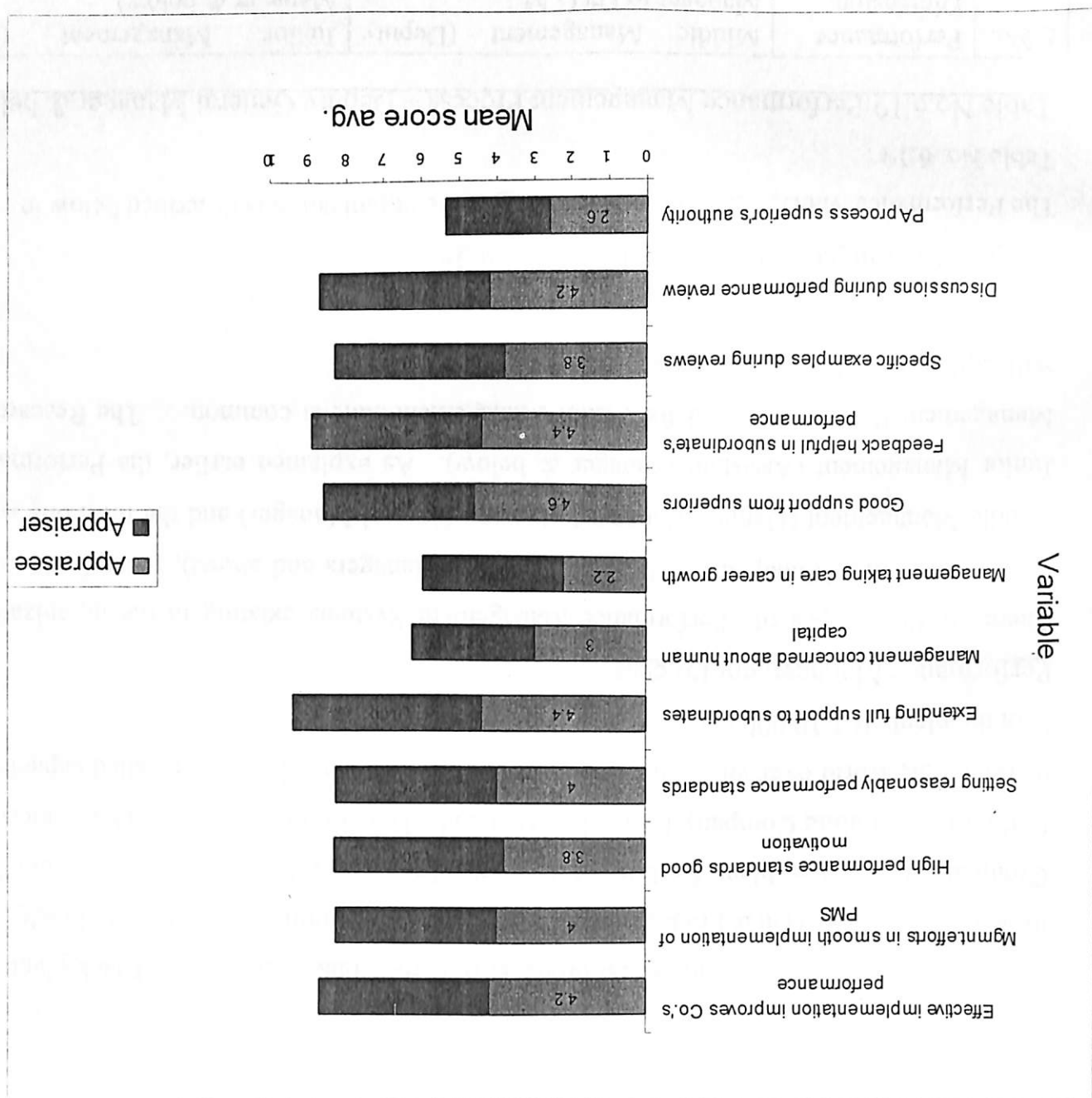


Fig.No. 6.9 (c) : Output Component Variable – Graphical Presentation

Fig.No. 6.9 (d) : Organizational Characteristics Variable – Graphical Presentation



## 6.10 Hi-Tech Carbon (Indian Rayon & Industries Limited), Gummidipoondi

### Introduction

Indian Rayon is India's second largest producer of carbon black. Its Carbon Black plants are located at Renukoot (Uttar Pradesh) and Gummidipoondi (Tamil Nadu). Internationally, the Group also has carbon black facilities at its Alexandria Carbon Black unit in Egypt and Thai Carbon Black Public Company Limited in Thailand. The Group's carbon black products are marketed the world over under the brand name 'Birla Carbon'. Its total installed capacity in both the plants is 1,10,000 tpa.

### Performance Management Process

There are three types of Performance Management Systems existing in the organization. One is for Senior Management staff (i.e., General Managers and above), second one is for Middle Management (Deputy Manager to Deputy General Manager) and the third one is for Junior Management (Assistant Manager & below). As explained earlier, the Performance Management Process followed for Senior Management staff is common. The Researcher will explain the other two systems in detail, as given below :

### Part I : Performance Management System Study

The Performance Management Process existing in the organization is described below in

Table No. 6.19 :

Table No.6.19:Performance Management Process – Deputy General Manager & below

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
1.	KRA / Goal Setting	At the beginning of each financial year, individual KRAs/ Goals are set in alignment with business objectives.	At the beginning of each financial year, individual KRAs/ Goals are set in alignment with business/department goals. It is a semi-structured process.

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
2.	Frequency of Performance reviews	A systematic review of KRA/Goals is carried out on half-yearly basis.	Though the review of KRA/goals is carried out on half-yearly basis, it is not systematic.
3.	Self-assessment	Self-assessment is done by the individuals based on their individual performance and also department/ business contributions.	Self-assessment is done in a semi-structured manner for this category.
4.	Appraiser's Assessment	A systematic Performance review exercise is carried out on half-yearly basis. All FHs/Dept. Heads/UH/UHR* are involved in the process.	Although, the performance reviews for this category are done on half-yearly basis, annual reviews are done systematically. Only Dept.Head/Functional Heads play major roles in the process. Mid year reviews are not structured.
5.	Performance Appraisal methods	Management by Objectives (MBO) method is used during Performance Planning process, self-appraisal and forced distribution methods are used during performance review process .	The MBO method is used, during performance planning process. During annual performance appraisal process, self-appraisal, Graphic rating scale and forced distribution methods are used. Since the appraisal process for this category is not fully structured, 100% objectivity during performance evaluations is not ensured .

S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
6.	Performance Attributes	Critical performance attributes like Planning & Organizing skills, Leadership, Communication skills etc. are used. This is a semi-structured process.	Performance attributes like Job knowledge, Quality of output, Team work, Communication skills etc. are used. The performance attributes are different from the earlier category. This is not systematic.
7.	360-degree feedback	The 360 degree feedback exercise is not carried out for this category.	The 360 degree feedback exercise is not carried out for this category.
8.	Potential appraisal	At the time of succession planning only, the Potential assessment exercise is carried out for G.M.s/Dept. Head positions. Again, it is not a structured activity.	Potential assessment is not done for this category.
9.	Linkage of performance with pay	Compensation Reviews are done on annual basis. Linkage of individual performance with pay, <i>inter alia</i> , is one of the key elements in the compensation review proposals. Compensation reviews are done based on individual contribution/ dept. performance.	Annual pay increases are linked to the overall performance ratings, i.e., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer; NP-Non Performer.



S.No.	Performance Dimension	Middle Management (Deputy Manager to Dy.G.M.)	Junior Management (Asst. Manager & below)
9.	Linkage of performance with pay	Overall performance ratings are awarded to individuals based on a 4-point achievement profile (e.g., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer).	
10.	Training & Development needs	Learning & development needs are identified at Unit level on annual basis, during the time of performance reviews. Necessary development inputs are given based on individual / business needs. Both inhouse/outside programs are organized on a regular basis.	Training needs are identified during the performance appraisal/review process. It is not a structured activity. All Technical / Behavioral training programs are organized internally.

Source : Personal Survey

\* FH – Functional Head; BH – Business Head; UH – Unit Head; UHR-Unit HR

### Part II : Performance Management Implementation Process

In the analysis presented at Table No.6.20, Mean, Standard deviation and t-values (at 95% confidence level) have been calculated. SPSS (11.0 version) package has been used for the purpose of analysis.

From the Content component analysis, it is found that there is 100% awareness / understanding among all the population under the study regarding objectives of the performance management system. All the dimensions, viz: Company communicate objectives, KRA communication by superiors, laying down specific roles to appraisees, help

by JE techniques for identifying clear responsibilities etc. are significant ( $p < 0.05$ ). But on only one attribute, e.g., Laying down clear roles to Appraisees; both the target groups (appraisers & appraisees) disagree. About 60% of the population, particularly the appraiser groups felt that clear roles & responsibilities are to be laid down for each position.

It is observed from the Process component variable that all the dimensions, viz: Well written KRA/goals, Setting specific & measurable goals to employees, Best use of appraisees' skills & abilities, Analytical & objective during performance review and grievance mechanism are significant ( $p < 0.05$ ). It is very clear that the implementation process is working well. All the managerial population under the study (100%) agreed that the performance management process is implemented with spirit.

From the analysis of Output component variable, it is found that all the dimensions, viz: Merit pay linked to individual performance, variable pay, rewards & recognition, use of PA for administrative/disciplinary actions, use of PA data for career planning/developmental purposes etc. are significant. Both the target groups agree on these dimensions.

It is seen from the analysis of organizational characteristics variables that on few dimensions, viz: PA process to assert superior's authority, giving specific examples during performance review, getting good support from superiors and management makes efforts in smooth implementation of PMS, both the target groups disagree ( $p > 0.05$ ).

During personal interviews with some of the management staff, the researcher found that they are not getting sufficient support from superiors / senior management in laying down clear roles & responsibilities and career growth. Interestingly, 75% of the population under the study, particularly the appraiser groups, had agreed that the relationship between superiors and subordinates must be strengthened for effective implementation of the system

With a view to clearly show the differences existing in both the groups on all the four variables, the same have been depicted graphically at Fig.Nos. 6.10(a), 6.10(b), 6.10(c) and 6.10(d). Various dimensions related to the concerned variables have been taken on X-axis and the average Mean scores have been taken on Y-axis

As part of the research study, the researcher has used interviewing technique with some senior / middle / junior management staff to find out antecedents & consequences of effective implementers of the performance management system in the organization. According to them, following personality characteristics / consequences that make distinction between the effective and non-effective implementers :

- High intellectuals;
- System discipline;
- Good exposure to the system;
- Active involvement and initiative in learning new things; and
- Consistently high achievers .

### Findings

- This research study clearly shows that there is a clear understanding / awareness among managerial staff regarding the objectives of the PMS.
- There is a strong need to lay down clear roles & responsibilities for each individual. The Job Evaluation techniques of Hay Group to be effectively used.
- The relationships existing between the superiors and the subordinates are not effective. Hence, the need for improvement for strengthening the relations at all levels.

Table No. 6.20 - Analysis - Hi-Tech Carbon Industries Ltd.

Q.No.	Variable	N1(Appraisee) = 12		N2(Appraiser) = 4		Mean Diff.	T-Value
		Mean	Std Dev	Mean	Std Dev		
<b>Content Component Variable</b>							
1	Company communicate objectives	0.8	0.42	1.00	0.00	-0.20	0.93 *
2	KRA Communication by superiors	0.8	0.42	1.00	0.00	-0.20	0.93 *
3	Alignment of performance with business objectives	0.8	0.42	1.00	0.00	-0.20	0.93 *
4	Considering the views of appraisees in goal setting	1	0.00	1.00	0.00	0.00	0.00 *
5	Clear-cut performance standards	0.8	0.42	1.00	0.00	-0.20	0.93 *
6	Adequate opportunity reg.hindering/helping factors	0.6	0.52	0.67	0.52	-0.07	0.22 *
7	Specific feedback to appraisees	1	0.00	1.00	0.00	0.00	0.00 *
8	Laying down clear roles to appraisees	1	0.00	0.50	0.55	0.50	3.42
9	Help by JE techniques to identify clear responsibility	0.8	0.42	1.00	0.00	-0.20	0.93 *
<b>Process Component Variable</b>							
12	Well written KRA/goals	4.6	0.52	4.83	0.41	-0.23	0.82 *
13	Setting specific and measurable goals to appraisees	4.2	0.42	4.17	0.41	0.03	0.14 *
14	Best use of appraisees skills and abilities	4.2	0.79	3.83	0.75	0.37	0.81 *
15	Analytical & objective during performance review	4.4	0.52	3.83	0.75	0.57	1.71 *
28	Giving honest performance feedback during review	4.4	0.52	4.50	0.84	-0.10	0.29 *
31	Appreciating subordinates for genuine objections	4.4	0.52	4.00	0.63	0.40	1.27 *
32	Genuine objections will improve superior's performance	4	0.94	4.17	0.41	-0.17	0.34 *
<b>Output Component Variable</b>							
18	Merit pay is linked to individual performance	4	0.94	3.50	0.84	0.50	0.94 *
19	Variable pay component makes distinction	4	0.94	3.50	0.55	0.50	0.99 *
20	High potential employees retained thro' rewards	4.2	0.79	3.67	1.37	0.53	0.98 *
21	Use performance appraisal data in rewards/recognition	4.4	0.84	4.17	0.75	0.23	0.49 *
22	Use performance appraisal data in admn.transfers	3.4	1.43	3.50	0.84	-0.10	0.13 *
23	Use performance appraisal data for disciplinary action	3.8	0.42	3.33	1.21	0.47	1.20 *
24	Existing reward system good motivational tool	4.2	1.23	3.33	1.21	0.87	1.22 *
25	PA data revealing strengths & weaknesses	4.4	0.84	3.83	0.41	0.57	1.27 *
26	Performance appraisal data to help individuals	4.4	0.52	4.17	0.75	0.23	0.70 *
27	Use performance appraisal data for career planning	3.8	1.23	3.83	0.41	-0.03	0.05 *
40	PMS is implemented with development focus	4.2	0.42	4.17	0.41	0.03	0.14 *
<b>Organisational Characteristic Variable</b>							
16	PA process to assert superior's authority	3.8	0.42	2.67	0.82	1.13	3.70
17	Discussing all issues during performance review	4.2	0.79	4.33	0.52	-0.13	0.31 *
29	Giving specific examples during review meeting	4.4	0.52	3.67	0.82	0.73	2.14
30	Performance feedback helpful in subordinate's performance	4.4	0.52	4.00	0.63	0.40	1.27 *
33	Getting good support from superiors	4.6	0.52	3.67	0.82	0.93	2.72
34	Management taking care in career aspirations	4	0.94	3.67	0.82	0.33	0.38 *
35	Management most concerned about human capital	3.8	0.42	3.67	1.03	0.13	0.63 *
36	Extending full support to subordinates	4.2	0.79	4.00	0.89	0.20	0.43 *
37	Setting reasonably high performance standards	4.4	0.52	4.17	0.75	0.23	0.70 *
38	Setting high performance standards is a good motivation	4.4	0.52	4.00	0.63	0.40	1.27 *
39	Mgmt. makes efforts in smooth implementation of PMS	4.6	0.52	3.83	0.75	0.77	2.31
41	Effective implementation improves Company's performance	4.2	0.42	4.00	0.63	0.20	0.73 *

\* p < 0.05

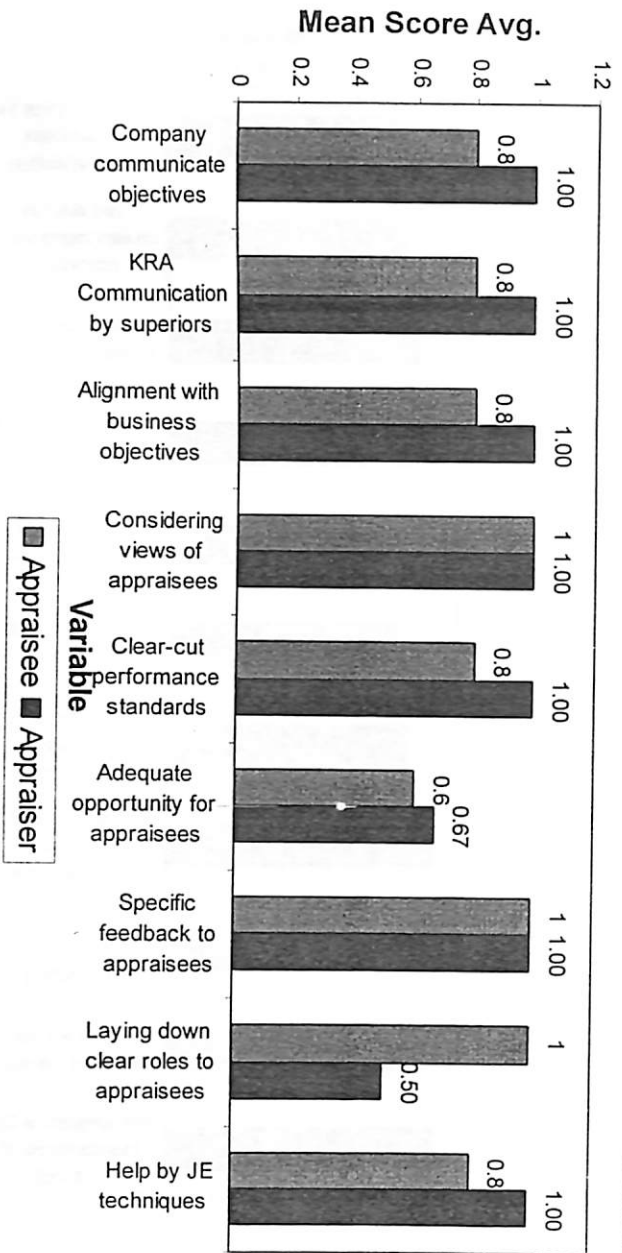


Fig. No.6.10 (a) : Content Component Variable – Graphical Presentation

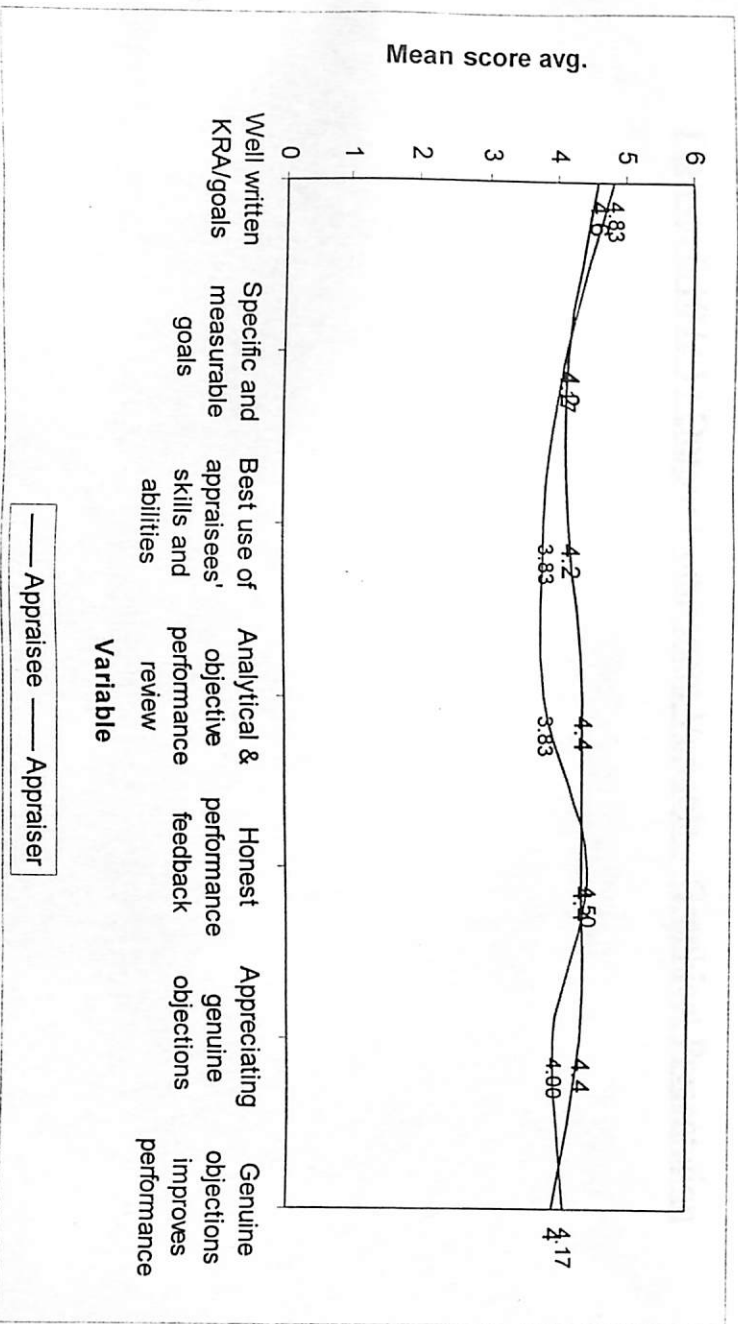


Fig. No. 6.10 (b) : Process Component Variable – Graphical Presentation

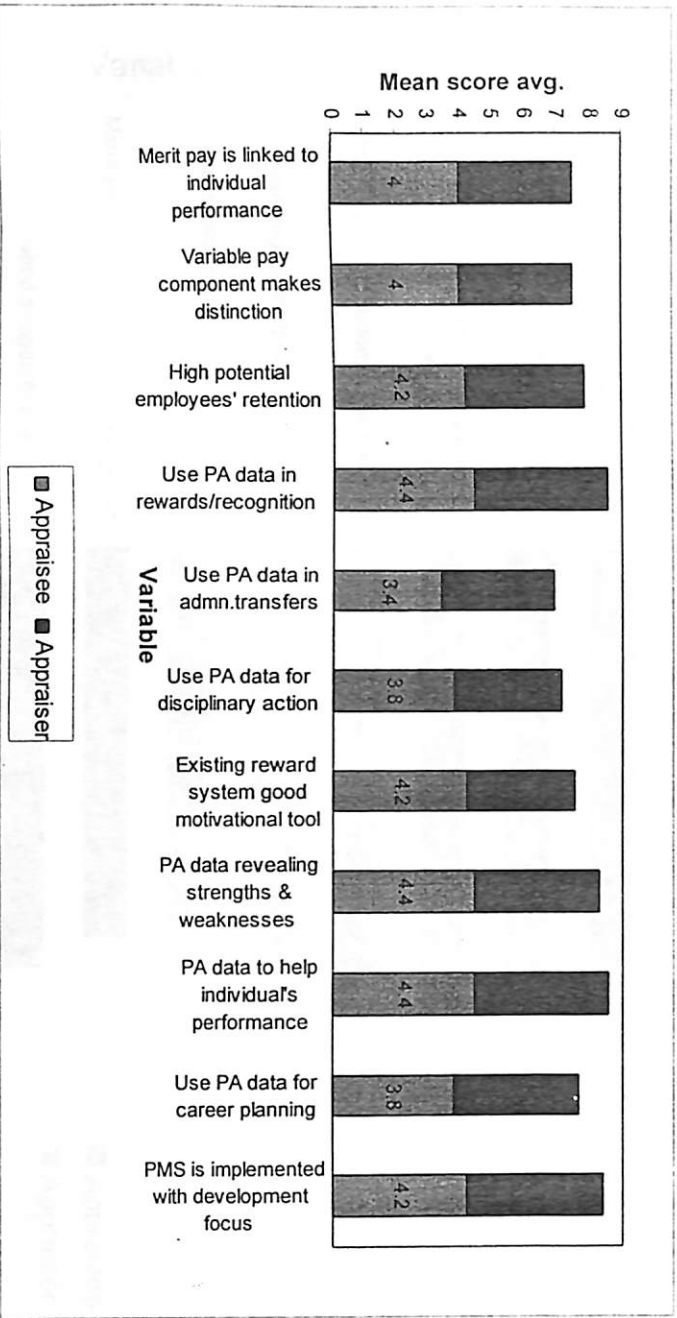
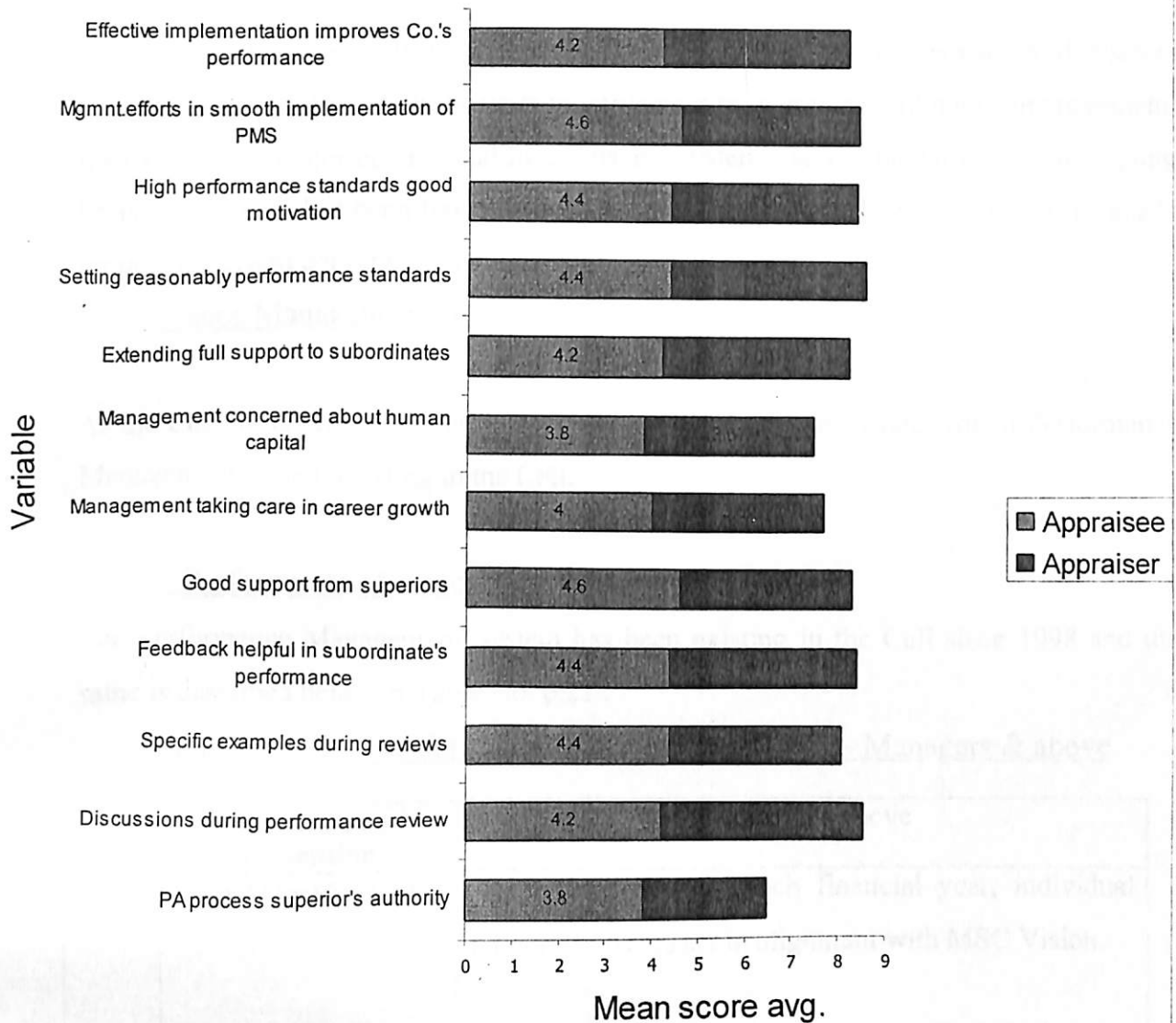


Fig.No. 6.10 (c) : Output Component Variable – Graphical Presentation



**Fig.No. 6.10 (d) : Organizational Characteristics Variable – Graphical Presentation**

## 6.11 Management Services Cell

### Introduction

Management Services Cell (MSC) plays a vital role in the institutionalization of systems in the Group. Working with the units to implement measures of continuous improvement, the Cell studies major commercial functions and systems across the Group on an ongoing basis. The Cell has been functioning in the Group since last 15 years. It also conducts group studies and conferences on commercially relevant subjects.

### Performance Management Process

As the Cell staffs only managerial level employees, there is only one type of Performance Management system existing in the Cell.

### Part I : Performance Management System Study

The Performance Management System has been existing in the Cell since 1998 and the same is described below in Table No. 6.21 :

Table No. 6.21 : Performance Management Process – Managers & above

S.No	Performance Dimension	Manager & above
1.	KRA / Goal Setting	At the beginning of each financial year, individual KRAs/ Goals are set in alignment with MSC Vision.
2.	Frequency of Performance reviews	Half-yearly and Yearly as per Corporate HR guidelines. But half-yearly reviews are not structured.
3.	Self-assessment	Self-assessment is done by the individuals very systematically in accordance with individual / MSC performance.
4.	Appraiser's Assessment	Structured performance reviews are held on yearly basis, at 2 to 3 levels above (e.g., FH, UH, BH, Corporate HR)*. This review is based on individual/ MSC performance.

\* FH – Functional Head; BH – Business Head; UH – Unit Head; UHR – Unit HR



S.No	Performance Dimension	Manager & above
5.	Performance Appraisal methods	Management by Objectives (MBO) method is used during Performance Planning process, self-appraisal and forced distribution methods are used during performance review process.
6.	Performance Attributes	Some of the critical personal attributes like Leadership, Planning & Organizing, Team Building etc. are used during performance appraisal discussions. But there is no scientific way of assessing these attributes.
7.	360-degree feedback	The 360 degree feedback exercise is done only at very senior management staff (i.e., Vice Presidents and above) and not for other categories.
8.	Potential appraisal	Potential assessment for senior management is done to identify key successors in various functions/ critical positions. Again this is not a formalized/ structured exercise.
9.	Linkage of Performance with Pay	Compensation Reviews are done on annual basis. Linkage of individual performance with pay is one of the key elements in the compensation reviews. Performance pay is awarded to individuals based on 4-point achievement profile (e.g., EA-Excellent Achiever; HA - High Achiever; CC-Consistent Contributor; P-Performer)
10.	Training & Development needs	Learning & development needs are identified for all senior management staff and the same is processed by Corporate HR. This activity is carried out on annual basis, based on performance reviews. Based on the individual / business needs, training programs are designed and delivered to the concerned senior managers at Gyanodaya, Corporate Learning Centre . This is a very structured & systematic exercise.

Source : Personal Survey

## Part II : Performance Management Implementation Process

In the analysis presented at Table No. 6.22 , Mean, Standard deviation and t-values (at 95% confidence level) have been calculated. SPSS (11.0 version) package has been used for the purpose of analysis.

From the Content component analysis, it is found that there is 100% awareness / understanding among all population under the study regarding objectives of the performance management system. All the dimensions, viz: Company communicate objectives, KRA communication by superiors, laying down specific roles to appraisees, help by JE techniques for identifying clear responsibilities etc. are significant ( $p < 0.05$ ).

It is observed from the Process component variable that all the dimensions, viz: Well written KRA/goals, Setting specific & measurable goals to employees, Best use of appraisees' skills & abilities and Analytical & objective during performance review are significant ( $p < 0.05$ ). But only on one attribute, e.g., Appreciating subordinates for genuine objections; both the target groups, particularly, the appraisee groups disagree. 85% of the population under the study, particularly the appraisee groups agreed that genuine objections raised during the performance review process are not being taken care of by their superiors

From the analysis of Output component variable, it is found that few dimensions, viz: Use PA data for administrative transfers / disciplinary actions, are not significant ( $p > 0.05$ ). Particularly, the appraisee groups do not agree on these dimensions. Interestingly, 75% of the population under the study, particularly the appraisee groups disagreed that the existing PA data is used for administrative and disciplinary actions. In other words, there is no transparency in the system.

It is seen from the analysis of organizational characteristics variables all the dimensions, except one dimension, Performance feedback helpful in subordinate's performance are significant ( $p < 0.05$ ).

It is thus clear that effective 'dyadic relationship' is lacking in the organisation. From the mean scores of administrative related variables, it is found that the appraisers use the PA data more for disciplinary and administrative matters.

During the personal interviews with some of the management staff, the researcher found that they are not getting sufficient feedback & support from superiors / senior management in their career growth/development.

With a view to clearly show the differences existing in both the groups on all the four variables, the same have been depicted graphically at Fig.Nos. 6.11(a), 6.11(b), 6.11(c) and 6.11(d). Various dimensions related to the concerned variables have been taken on X-axis and the average Mean scores have been taken on Y-axis.

As part of the research study, the researcher has used interviewing technique with some senior / middle management staff and also with HR officials to find out antecedents & consequences of effective implementers of the performance management system in the organization. According to them, following personality characteristics / consequences that make distinction between the effective and non-effective implementers :

- High intellectuals;
- System discipline;
- Good exposure to the system; and
- Consistently high achievers .

### Findings

- This research study clearly shows that there is a clear understanding / awareness among managerial staff regarding the objectives of the PMS.
- The relationships existing between the superiors and the subordinates are not effective. Hence, the need for improvement for strengthening the relations at all levels.
- The PA data is presently being used more for administrative purposes than for development purposes.

Table No. 6.22 - Analysis - Management Services Cell

Q.No.	Variable	N1(Appraisee) = 6		N2(Appraiser) = 2		Mean Diff.	T-Value
		Mean	Std Dev	Mean	Std Dev		
<b>Content Component Variable</b>							
1	Company communicate objectives	0.83	0.41	1.00	0.00	-0.17	0.55 *
2	KRA Communication by superiors	0.83	0.41	1.00	0.00	-0.17	0.55 *
3	Alignment of performance with business objectives	0.83	0.41	1.00	0.00	-0.17	0.55 *
4	Considering the views of appraisees in goal setting	0.83	0.41	1.00	0.00	-0.17	0.55 *
5	Clear-cut performance standards	0.33	0.52	0.33	0.58	0.00	0.00 *
6	Adequate opportunity reg.hindering/helping factors	0.83	0.41	1.00	0.00	-0.17	0.55 *
7	Specific feedback to appraisees	0.83	0.41	1.00	0.00	-0.17	0.55 *
8	Laying down clear roles to appraisees	0.33	0.52	0.33	0.58	0.00	0.00 *
9	Help by JE techniques to identify clear responsibility	0.33	0.52	1.00	0.00	-0.67	1.73 *
<b>Process Component Variable</b>							
12	Well written KRA/goals	4.00	0.00	4.33	0.58	-0.33	1.73 *
13	Setting specific and measurable goals to appraisees	3.33	1.51	3.33	0.58	0.00	0.00 *
14	Best use of appraisees skills and abilities	3.17	1.17	4.00	0.00	-0.83	0.96 *
15	Analytical & objective during performance review	3.17	1.17	4.33	0.58	-1.17	1.31 *
28	Giving honest performance feedback during review	2.83	1.17	3.33	0.58	-0.50	0.56 *
31	Appreciating subordinates for genuine objections	2.83	0.41	4.00	1.00	-1.17	2.58
32	Genuine objections will improve superior's performance	3.83	0.75	4.00	0.00	-0.17	0.30 *
<b>Output Component Variable</b>							
18	Merit pay is linked to individual performance	4.17	0.41	4.33	0.58	-0.17	0.46 *
19	Variable pay component makes distinction	4.50	0.55	4.33	1.15	0.17	0.30 *
20	High potential employees retained thro' rewards	3.83	0.75	4.33	0.58	-0.50	0.84 *
21	Use performance appraisal data in rewards/recognition	4.00	0.63	4.00	1.00	0.00	0.00 *
22	Use performance appraisal data in admn.transfers	2.67	0.52	4.00	1.00	-1.33	2.62
23	Use performance appraisal data for disciplinary action	2.67	0.52	4.00	1.00	-1.33	2.62
24	Existing reward system good motivational tool	2.50	0.84	4.00	1.00	-1.50	2.12 *
25	PA data revealing strengths & weaknesses	2.67	0.82	4.00	0.00	-1.33	2.19 *
26	Performance appraisal data to help individuals	3.00	1.10	3.33	0.58	-0.33	0.40 *
27	Use performance appraisal data for career planning	2.50	1.05	3.67	0.58	-1.17	1.45 *
40	PMS is implemented with development focus	3.00	1.10	4.00	1.00	-1.00	1.13 *
<b>Organisational Characteristic Variable</b>							
16	PA process to assert superior's authority	3.17	1.47	1.67	0.58	1.50	1.35 *
17	Discussing all issues during performance review	3.50	1.22	3.67	0.58	-0.17	0.18 *
29	Giving specific examples during review meeting	2.67	1.21	4.00	1.00	-1.33	1.39 *
30	Performance feedback helpful in subordinate's performance	2.33	0.82	4.00	0.00	-1.67	2.74
33	Getting good support from superiors	3.50	1.22	3.33	0.58	0.17	0.18 *
34	Management taking care in career aspirations	3.33	0.52	4.33	1.15	-1.00	2.19 *
35	Management most concerned about human capital	2.67	0.82	4.00	0.00	-1.33	1.84 *
36	Extending full support to subordinates	3.83	0.41	3.67	1.15	0.17	0.34 *
37	Setting reasonably high performance standards	3.17	1.17	4.67	0.58	-1.50	1.68 *
38	Setting high performance standards is a good motivation	4.17	0.41	4.00	1.00	0.17	0.37 *
39	Mgmt. makes efforts in smooth implementation of PMS	3.17	1.17	4.00	1.00	-0.83	0.89 *
41	Effective implementation improves Company's performance	4.17	0.41	4.33	0.58	-0.17	0.46 *

\* p < 0.05

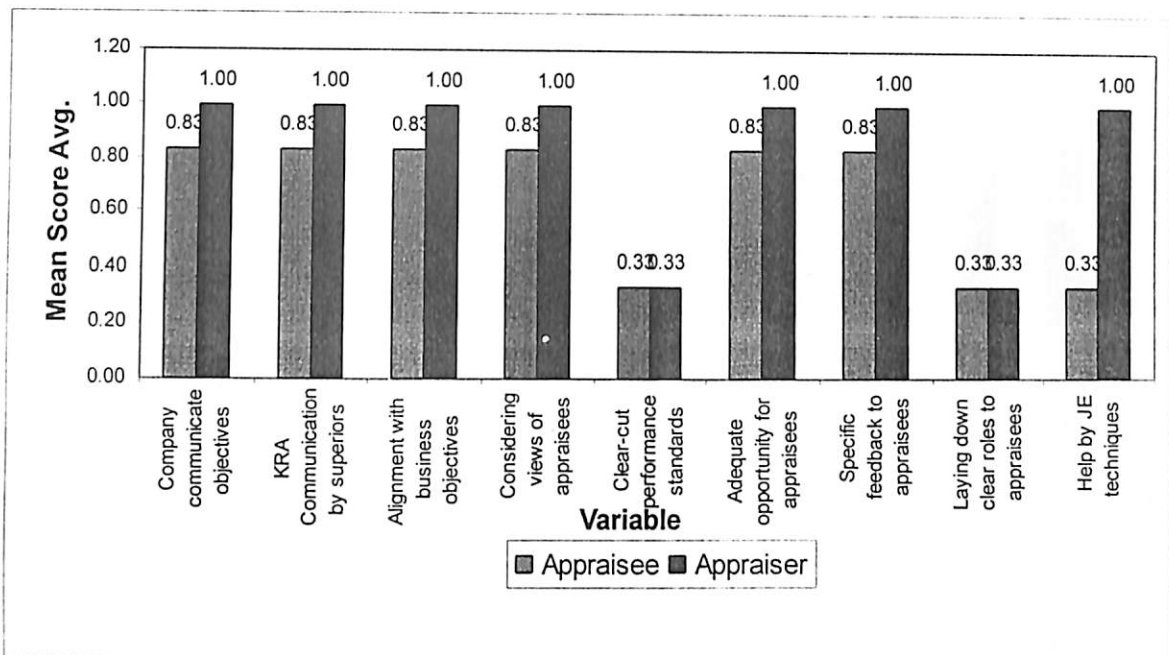


Fig.No. 6.11 (a) : Content Component Variable – Graphical Presentation

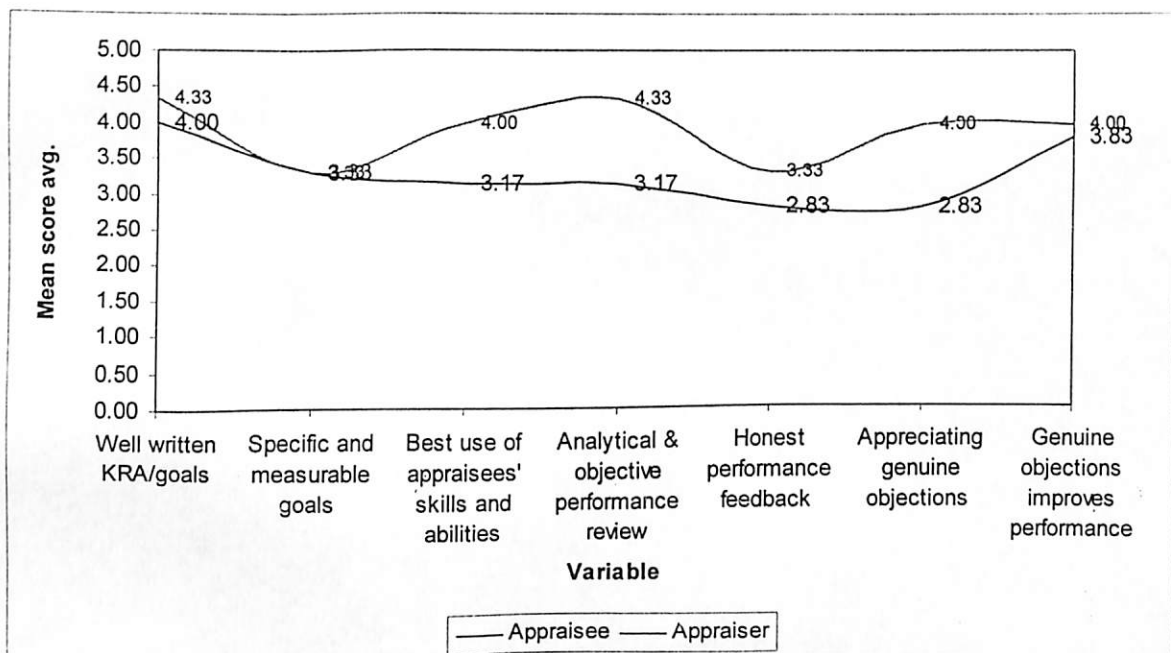


Fig.No. 6.11 (b) : Process Component Variable – Graphical Presentation

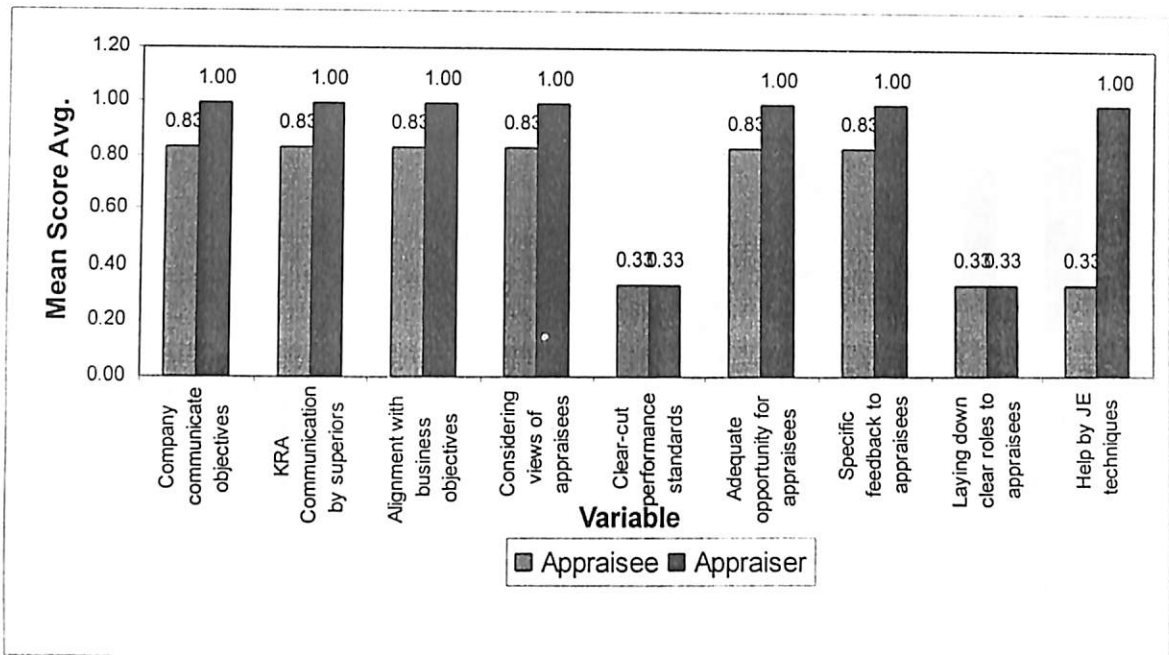


Fig.No. 6.11 (a) : Content Component Variable – Graphical Presentation

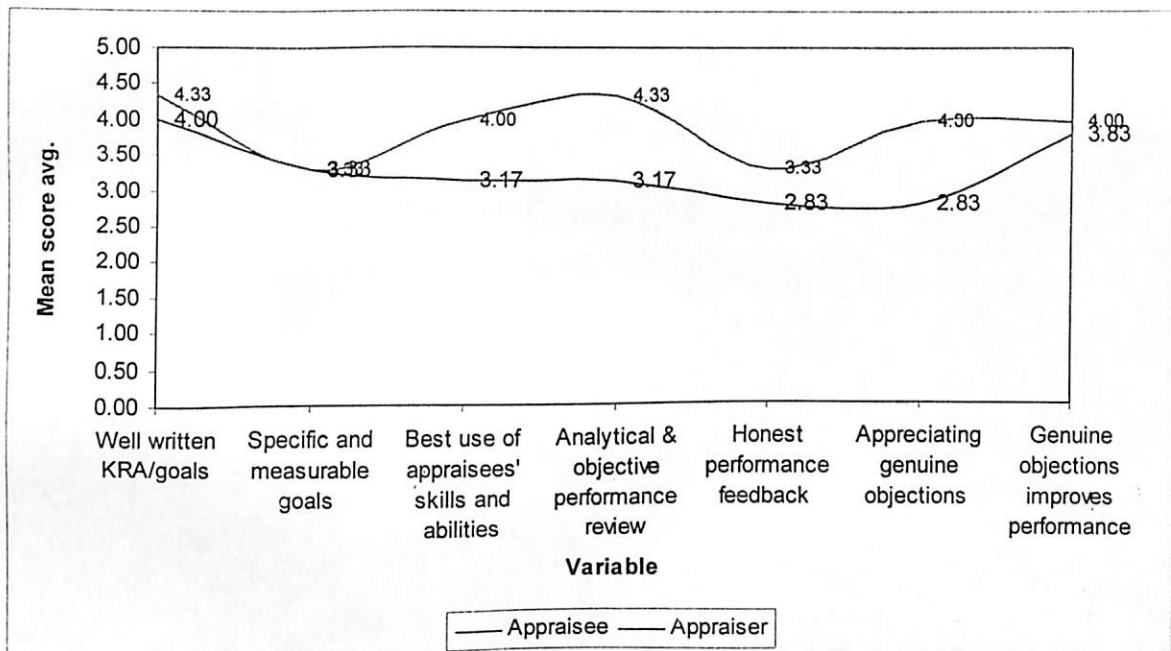


Fig.No. 6.11 (b) : Process Component Variable – Graphical Presentation

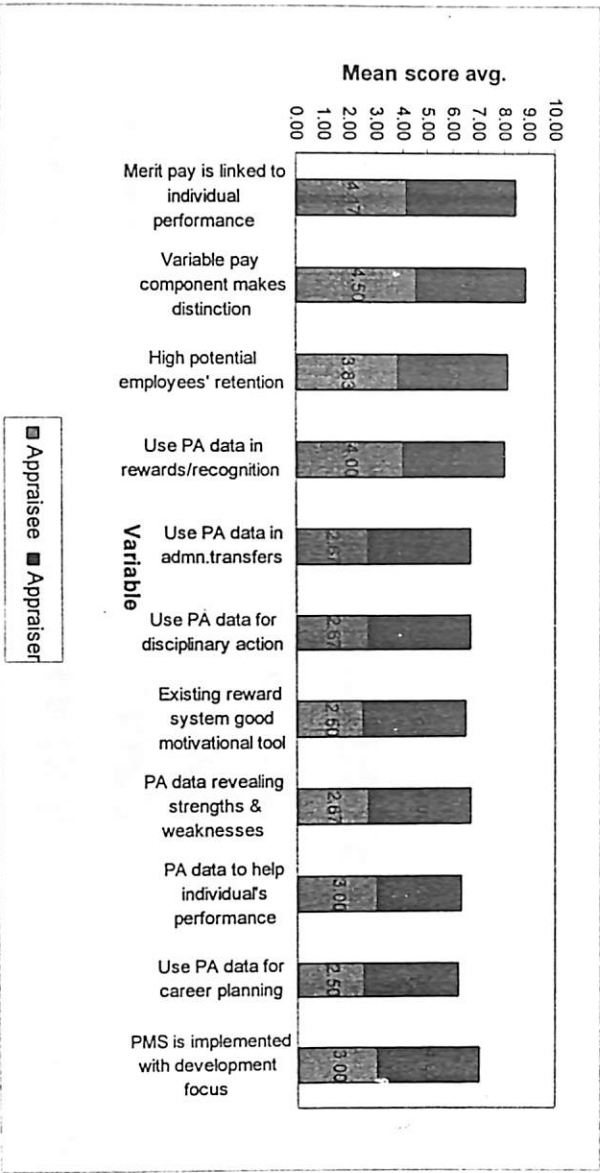
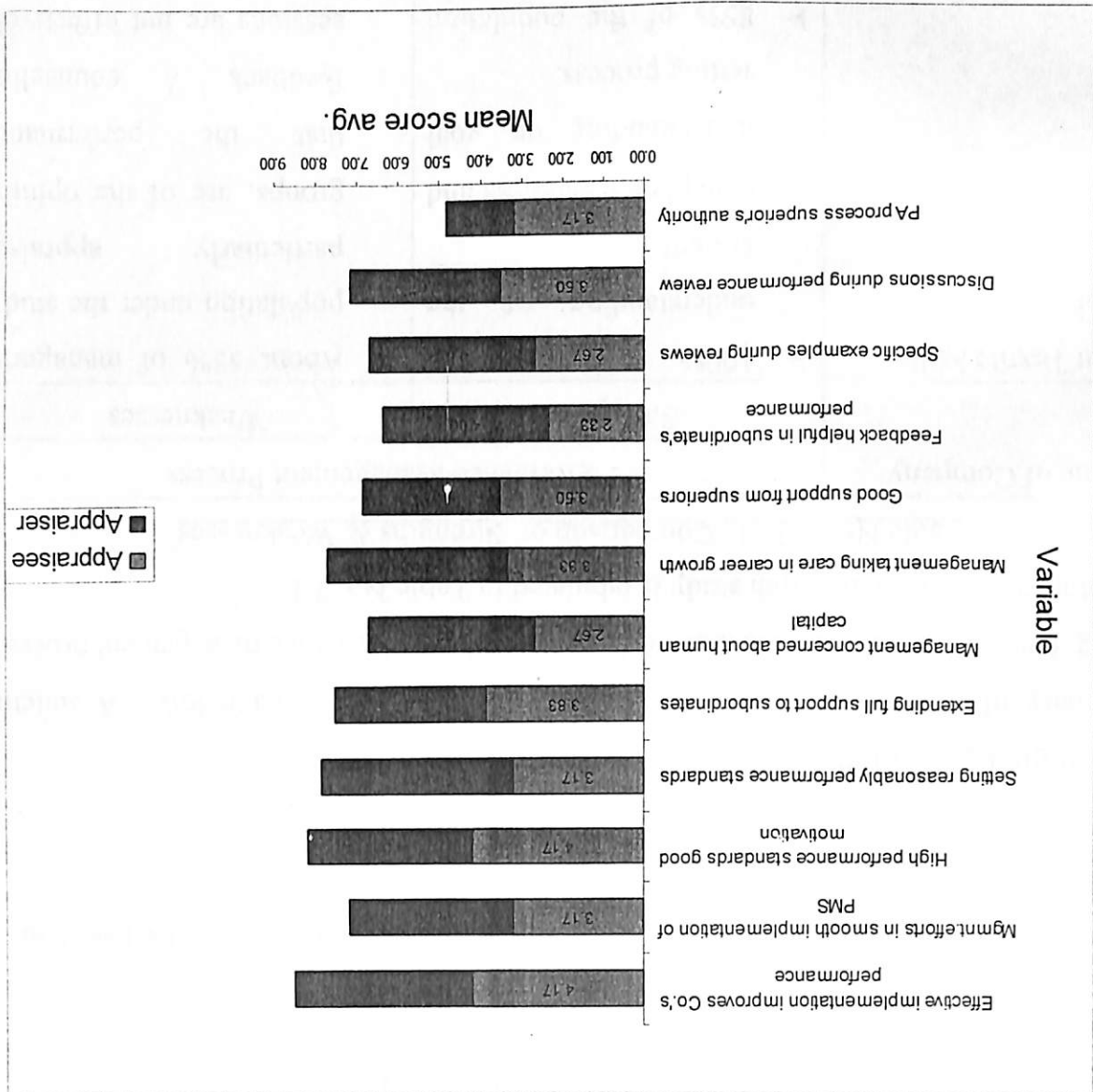


Fig.No. 6.11 (c) : Output Component Variable – Graphical Presentation

Fig.No.6.11 (d) : Organizational Characteristics Variable – Graphical Presentation





## Chapter 7

### Summary & Conclusions

In this chapter, the researcher has discussed summary of findings / results based on the research study.

#### 7.1 Summary of Findings

A summary of findings from the research study has been detailed below. A statement showing comparison of strengths and weaknesses of the performance management process of each company under the research study is tabulated in Table No. 7.1

Table No. 7.1 : Comparison of Strengths & Weaknesses

Name of Company	Performance Management Process	
	Strengths	Weaknesses
Bhiwani Textile Mills, Bhiwani	<ul style="list-style-type: none"><li>➤ 100% awareness &amp; understanding of the system.</li><li>➤ Complete awareness and understanding on goal setting process.</li><li>➤ 85% of the population under the study agreed that good support is being extended by their superiors.</li></ul>	<ul style="list-style-type: none"><li>➤ About 55% of managerial population under the study, particularly appraisee groups, are of the opinion that the performance feedback / counseling sessions are not effectively being done.</li><li>➤ Rewards / recognition mechanism is not clearly linked to the performance of the individuals. 90% of the population is of the same opinion.</li></ul>

Name of Company	Performance Management Process	
	Strengths	Weaknesses
Bhiwani Textile Mills, Bhiwani	After thoroughly examining the antecedents & consequences of effective implementers of the performance management process, it was found that personality characteristics / consequences like good system discipline, effective interpersonal relations, team working and high achievement orientation are required for effective implementers of the process.	
Viscose Staple Fibre Industries, Nagda	<ul style="list-style-type: none"> <li>• Regarding awareness &amp; understanding of the process, 90% of the population under the study agreed that there are fully aware of the process. Particularly appraisee groups, i.e., 10% of the population is not aware of the process.</li> <li>• Use of 'Critical Incidents Diary' in the organization is a good trend, but only 80% of the population agreed that the same is being used effectively.</li> </ul>	<ul style="list-style-type: none"> <li>• 95% of the population felt that there is no structured feedback system in the organization.</li> <li>• 87% of the population under the study, particularly the appraisee groups, felt that there is no developmental value in the process.</li> <li>• There is total (100%) disagreement from the appraisee groups that there is minimum involvement &amp; facilitation by superiors in the organization.</li> </ul>

Name of Company	Performance Management Process	
	Strengths	Weaknesses
Viscose Staple Fibre Industries, Nagda	The researcher thoroughly examined the antecedents & consequences of effective implementers of the performance management process. It was found that characteristics / consequences like cultural background & orientation of the individual, good support & facilitation by superiors and high achievement motivation are required for effective implementers of the process.	
Chemical Industries , Nagda	<ul style="list-style-type: none"> <li>❖ Regarding awareness &amp; understanding of the process, 100% of the population under the study agreed that there are fully aware of the process and there is a regular communication process by senior management in this regard.</li> </ul>	<ul style="list-style-type: none"> <li>❖ 86% of the population under the study, particularly the appraisee groups felt that there is no appreciation for the genuine objections raised by the subordinates.</li> <li>❖ 94% of the appraisee groups under the study mentioned that there is no support from seniors during performance reviews.</li> </ul>
After thoroughly examining the antecedents & consequences of effective implementers of the performance management process, the researcher found that characteristics / consequences like: high exposure to the system; consistently high contributors to the organization and high involvement of superiors, are required for effective implementers of the process.		

Name of Company	Performance Management Process	
	Strengths	Weaknesses
Grasim (Cement Division)	<ul style="list-style-type: none"> <li>• Regarding awareness &amp; understanding of the process, only 60% of the population under the study, particularly appraiser groups had agreed that they are aware of the system &amp; company objectives. Particularly appraisee groups, i.e., 40% of the population is not aware of the process, because the online performance management system which has been introduced has not been communicated down the line.</li> <li>• Use of online 'Critical Incidents Diary' in the organization is a good trend, but only 50% of the population agreed that the same is being used effectively.</li> </ul>	<ul style="list-style-type: none"> <li>• 90% of the population, particularly the appraisee groups had felt that there are no regular one to one feedback sessions being held. This is because of the fact that due to the online system, interactions between the appraisers and the appraisees is very minimal.</li> <li>• All the appraisee groups (100%) felt that there is no proper support from seniors for their career growth, rewards &amp; recognitions.</li> </ul>

Name of Company	Performance Management Process	
	Strengths	Weaknesses
Grasim (Cement Division)	The researcher thoroughly examined the antecedents & consequences of effective implementers of the performance management process. It was found that characteristics / consequences like good exposure to the system, professional background of the individual, system discipline and high achievement motivation are required for effective implementers of the process.	
Jayashree Textiles, Rishra	<ul style="list-style-type: none"> <li>• There is a great awareness / understanding of the system in the organization. 100% of the population under the study had agreed to this.</li> <li>• 100% population under the study had felt that the process is being implemented in toto in a systematic manner, yet involvement of seniors is minimal.</li> </ul>	<ul style="list-style-type: none"> <li>• About 85% of the population, particularly the appraisee groups has clearly mentioned that the performance appraisal process is being used by senior management as an Authoritative weapon.</li> <li>• Though the system is being implemented in toto, dyadic relationship between the appraisers and the appraisees is clearly missing in the organization.</li> </ul>

Name of Company	Performance Management Process	
	Strengths	Weaknesses
Jayashree Textiles, Rishra	<p>As part of the research study, the researcher has used interviewing technique with some Senior management/HR officials to find out antecedents &amp; consequences of effective implementers of performance management process in the organization. According to them, following characteristics/consequences that prompted them to be effective :</p> <ul style="list-style-type: none"> <li>▪ Involvement &amp; facilitation of top management;</li> <li>▪ Personal interest and high exposure to the system;</li> <li>▪ High intellectuals; and</li> <li>▪ High Achievers.</li> </ul>	
Birla NGK Insulators Pvt. Ltd., Rishra	<ul style="list-style-type: none"> <li>➤ There is 100% awareness of the system objectives amongst the population under the study.</li> <li>➤ Both the appraiser and the appraisee groups under the study (100%) agreed that the existing performance management system is being used for both developmental &amp; administrative purposes.</li> </ul>	<ul style="list-style-type: none"> <li>➤ About 82% of the population under the study, particularly the appraisee groups, disagreed on the dimensions like setting specific and measurable goals to the appraisees and analytical &amp; objective in performance reviews.</li> <li>➤ All the managerial population under the study (100%) agreed that the performance review process is not effective.</li> <li>➤ There is a complete disagreement from the appraisee groups that the</li> </ul>

	Strengths	Weaknesses
Birla NGK Insulators Pvt. Ltd., Rishra		Critical incident technique is not prevalent in the organization.
	<p>As part of the research study, the researcher has used interviewing technique with some Senior management/HR officials to find out antecedents &amp; consequences of effective implementers of performance management process in the organization. According to them, following characteristics/consequences that prompted them to be effective :</p> <ul style="list-style-type: none"> <li>▪ High academic profile;</li> <li>▪ High influence;</li> <li>▪ Personal rapport;</li> <li>▪ High intellectuals; and</li> <li>▪ High Achievers.</li> </ul>	
INDAL, Kolkata	<p>➤ About 83% of the population under the study agreed that they are generally aware about the system.</p> <p>➤ In the new system, for each individual KRA, there is a new element called '<i>linkage</i>'; the importance of this will be dependent upon contribution by other functions / operations/ locations. This is an excellent practice.</p>	<p>➤ Since the existing performance management system introduced in the year 2004, lot of training inputs need to be given at various levels for clear understanding about the system objectives, performance planning, feedback / review mechanism etc This has been agreed by both the appraisers and the appraisee groups.</p>

Name of Company	Performance Management Process	
	Strengths	Weaknesses
INDAL, Kolkata		<ul style="list-style-type: none"> <li>➤ There is a great need for involvement &amp; facilitation by senior management for smooth functioning of the system.</li> <li>➤ All the managerial population under the study (100%), particularly appraisee groups have agreed that there is no grievance handling mechanism existing in the organization.</li> </ul>
	<p>After thoroughly examining the antecedents &amp; consequences of effective implementers of the performance management process, it was found that personality characteristics / consequences like knowledge/good exposure to the system; role model; rich experience; high intellectual ability and high achievers are required for effective implementers of the process.</p>	
Essel Mining & Industries Limited, Kolkata	<ul style="list-style-type: none"> <li>➤ All 100% of the population under the study agreed that they are generally aware of the system &amp; its objectives.</li> </ul>	<ul style="list-style-type: none"> <li>➤ 50% of the population, particularly the appraisee groups agreed that the performance planning process has not been percolated down the line.</li> </ul>



Name of Company	Performance Management Process	
	Strengths	Weaknesses
Essel Mining & Industries Limited, Kolkata		<ul style="list-style-type: none"> <li>➤ The appraisee groups (90%) mentioned that there is a strong need for involvement by superiors in the performance management process.</li> <li>➤ The appraisee groups under the study (100%) agreed that reward mechanism is not clearly linked to the performance management process.</li> </ul>
	<p>The researcher thoroughly examined the antecedents &amp; consequences of effective implementers of the performance management process. It was found that characteristics / consequences like good system discipline, professional background of the individual, organization structure and high achievement motivation are required for effective implementers of the process.</p>	
Hi-Tech Carbon Limited, Gummidipoondi	<ul style="list-style-type: none"> <li>➤ There is 100% awareness and understanding of the system objectives in the organization.</li> </ul>	<ul style="list-style-type: none"> <li>➤ About 60% of the population, particularly the appraiser groups felt that clear roles &amp; responsibilities are to be laid down for each position.</li> </ul>

Name of Company	Performance Management Process	
	Strengths	Weaknesses
Hi-Tech Carbon Limited, Gummidipoondi	➤ All the managerial population under the study (100%) agreed that the performance management process is implemented with spirit.	➤ Interestingly, 75% of the population under the study, particularly the appraiser groups agreed that the relationship between superiors and subordinates must be strengthened for effective implementation of the system.
	After thoroughly examining the antecedents & consequences of effective implementers of the performance management process, it was found that personality characteristics / consequences like knowledge/good exposure to the system; high intellectual ability; system discipline; active involvement and initiative in learning new things and high achievers are required for effective implementers of the process.	
Management Services Cell, Kolkata	➤ There is 100% awareness and understanding of the system objectives in the organization.	➤ 85% of the population under the study, particularly the appraisee groups agreed that genuine objections raised during the performance reviews are not being considered .

Name of Company	Performance Management Process	
	Strengths	Weaknesses
Management Services Cell, Kolkata		<p>➤ Interestingly, 75% of the population under the study, particularly the appraisee groups disagreed that the existing PA data is used for administrative and disciplinary actions. In other words, there is no transparency in the system.</p>
	<p>As part of the research study, the researcher has thoroughly examined the antecedents &amp; consequences of effective implementers of the performance management system in the organization. According to them, following personality characteristics / consequences that make distinction between the effective and non-effective implementers :</p> <ul style="list-style-type: none"> <li>▪ High intellectuals;</li> <li>▪ System discipline;</li> <li>▪ Good exposure to the system; and</li> <li>▪ Consistently high achievers .</li> </ul>	

## 7.2 Results & Discussion

Based on the summary of findings / results, all the research objectives have been established through testing of hypothesis. The same have been detailed below.

It is found from the research findings that the Performance planning process, i.e., individual goal setting & communication by superiors, is not seen as a serious exercise at all levels leading to role ambiguities. Most managers, generally claim that they have a detailed understanding of the process, but there seems to be a gap between *knowing and doing*. The appraisees/appraisers focus mainly on rating rather than to give and receive feedback for analysis and further development. Most of the senior level managers felt that they are good appraisers and they are not fairly appraised themselves.

Unfortunately many take performance appraisal as an annual exercise (one time form filling) rather than a tool, which will help in improving performance culture. There exists a gap in meeting the training expectations, which primarily comes from needs not identified accurately. In many cases, identifying training/development needs merely remains a formality, a programme identified from a list of programmes rather than an output from a thorough analysis.

### Testing of Hypothesis

All the four hypothesis were confirmed.

#### Hypothesis 1 : (confirmed)

The Researcher hypothesized that 'Performance factors like system awareness, performance planning, feedback mechanism and support systems are more likely to influence effectiveness of the performance management processes.'

It is clearly observed from the research findings that following factors are responsible for effectiveness of the performance management systems :

- i. Awareness of the system;
- ii. Goal setting;
- iii. Feedback system;
- iv. Grievance redressal mechanism;
- v. Reward & recognition; and
- vi. Support system

This establishes the first research objective thereby confirming the hypothesis.

#### Hypothesis 2 : (confirmed)

Secondly, the Researcher hypothesized that 'Linkages of the Performance Management System with other HR sub-systems like career planning, reward mechanism, support systems etc. are more likely to influence reactions of appraisers and appraisees vis-à-vis effective implementation of the Performance Management Systems.'

The most important finding as discernable from the study is that there is lack of full involvement & facilitation by seniors and the management in all the units under the study. While the significance of the feedback system has been repeatedly highlighted in many communication meetings / workshops, yet it is found that there is infrequent use of these tools. In many cases, it is not used at all.

While there are clear-cut linkages of performance management systems with other HR sub-systems like career planning, reward mechanism, support mechanism, etc., in all the units under the study, it is not being effectively implemented. Moreover, majority of the employees felt that the performance management system is not yet seen as an organizational / business tool. These characteristics related to organization

influence reactions of appraisers & appraisees which in turn will have effect on the effectiveness of the performance management processes. This clearly establishes the second research objective.

#### Hypothesis 3 : (confirmed)

Thirdly, 'Indian managers are more likely to use performance appraisal systems for administrative purposes than for developmental purposes which impacts overall effectiveness of the performance management processes.'

It is clearly evident from the research findings that although there is awareness about the Performance Management Systems and its alignment with organization goals, the same are not being effectively implemented. It is mostly being used as an annual exercise for the purpose of administrative decisions and not as developmental tools. This relates to the third research objective thereby confirming the related hypothesis.

#### Hypothesis 4 : (confirmed)

Fourthly, 'Managers having antecedents like good academic background and highly qualified professionals and consequences like effective interpersonal relationship/team working, system discipline and high achievers are more likely to implement Performance Management Processes effectively.'

As per the research findings, managers having good academic background with high profiles are effective implementers of the system. It is also found that the system discipline, exposure to the system, and team working are the essential qualities / competencies required for the effective implementers of the system.

### 7.3 Conclusion

From the literature review, the researcher found that for effectiveness of the performance management process, implementation of following three components is highly important :

- i. Performance Planning;
- ii. Performance Feedback and Coaching; and
- iii. Performance Appraisal.

It is found from the research findings since the first two components are missing in some form or the other in all the Companies under the study, the researcher concludes that the system designs and implementation processes need considerable improvements so that alignment of the system objectives with business goals can be fully achieved.

The Researcher has suggested a model with some suggestions in the next Chapter, which will have implications on the managerial practices.

## Chapter 8

### Suggestions for Managerial Practice

In view of globalization and higher expectations from customers, in the next decade, organizations' performance will witness unparalleled pressures. The Performance Management Systems that are currently used may not be adequate to deal with the situations in the future. The organizations will have to constantly innovate to stay in the market and create value for the customers. This will, in turn require that the current frameworks of the Performance Management Systems have to be completely revamped and overhauled.

Keeping the above in view, for the Effective Performance Management Processes, the Researcher is suggesting a 'Performance Culture Building Model' at Fig. No. 8.1 with following suggestions which will have implications on the Managerial practices :

- ❖ Every manager needs to play a key role in institutionalizing the process. Role modeling would become a facilitating factor for taking this process ahead.
- ❖ The effective performance management process, i.e. communication of business goals by superiors from time to time, specific & measurable goal settings, frequent performance feedback meetings and quarterly reviews will help in improving the performance. These practices must be adopted as standard operating procedures.
- ❖ People development, which includes coaching, training, subordinate development etc. can be taken as one of the KRAs for all the managers .
- ❖ Unit HR Head along with Functional Heads & Performance Coaches need to train all the management staff, to bring in clarity in the system. Faith in the process is the function of how well it is implemented across the organization.



- ❖ Critical Incidents Technique must be used systematically in all the organizations.
- ❖ As the PMS works on a principle “what to be done and how to be done”, there must be a clear description of “how to do” aspect, i.e., competency framework for each individual. The competency gaps for each individual to be clearly identified and developmental actions taken accordingly.
- ❖ 360 degree feedback system must be introduced at the middle & junior management levels for bringing in more transparency in the culture.
- ❖ Commitment at managerial levels must be very high in all the organizations for bringing in performance culture which will further lead to people development .
- ❖ As the performance measurement is the key focus area in the system, each of the KRAs must be linked with related objectives and suitable performance measures.
- ❖ The senior management must encourage open and frequent feedback and coaching sessions in organizations, which will bring in objectivity in the review process.
- ❖ By using Online Performance Management System, all the companies can concentrate on achieving key business goals, not chasing paper-intensive processes. It will also help in alignment of individual performance objectives with organizational and business goals.
- ❖ It is also suggested that all managers must have the qualities like system discipline, exposure to the system, effective interpersonal relations with their team members for effective functioning of the systems.

To sum up, the above mentioned suggestions will enhance the effectiveness of the performance management processes which will further lead to improved business performance and culture.

The Researcher has given few suggestions for advanced research on cultural factors affecting the Performance Management processes in Indian organizations.

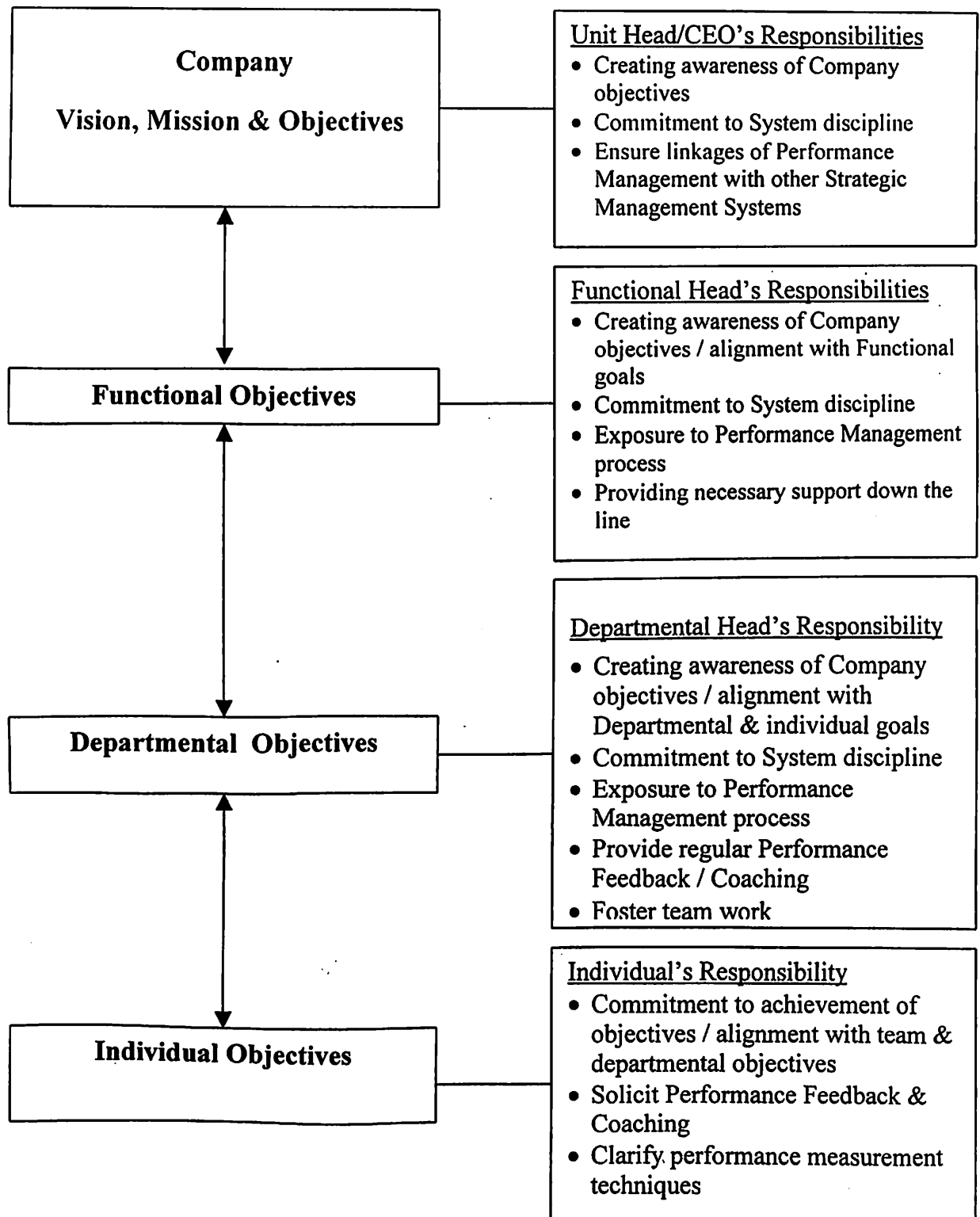


Fig.No.8.1 : Suggestive Performance Culture Building Model

## Suggestions for further Research

In the present study, the researcher examined the factors and consequences for the effective implementation of the performance management processes. As per the findings from the present study, and also from the surveys conducted by various consulting firms like McKinsey, Mercer, PWC, etc., it is found that the Performance Management is weak in India, particularly consequence management. This will focus attention on one of the most important, but neglected areas of Management in India.

The effect of relative importance of ascriptions over achievements on performance is also an important area for research. Further, there is a need for an empirical research study in Indian context on cultural factors affecting 360 degree feedback in particular, and Performance Management Systems, in general.

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## Appendices

### a) Format of Questionnaire - Appraisers

Dear Sir / Madam,

At the outset, I would like to introduce about the study that I am conducting on Performance Management System (PMS). Performance Management provides an organization with the basis for managing its business today and preparing for its future through the performance of its people. The objectives of Performance Management System (PMS) would be : (i) to identify individuals' strengths & weaknesses; (ii) to identify developmental needs of employees; and (iii) to strengthen communication channels between the employees and their superiors.

The present researcher has taken this study to examine 'effectiveness & implementation of the PMS' in your esteemed organisation.

You are requested to kindly go through the enclosed questionnaire and give your valuable opinion on each question. Kindly tick mark either 'YES' or 'NO' from Q.Nos. 1 – 10. You may please Tick one or more options in Q.No. 11 and from Q.Nos. 12 to 41 you may please select only one answer in each question. You may also give your valuable suggestions in Q.No. 42. At the end, kindly give your personal data for analysis purpose.

I assure that the data, whatever would be provided by you, will be strictly kept confidential. It will be exclusively used for academic purpose.

Thanking you in anticipation.

I remain,

Yours faithfully,

(A.Srinivasa Rao)  
Ph.D. Scholar



**QUESTIONNAIRE IN CAPACITY OF APPRAISER ONLY**

*Kindly tick either YES or NO for each question.*

S.No.	VARIABLE	YES	NO
1.	Does the Company communicate to you the Performance objectives at the beginning ?		
2.	Do you clearly communicate KRAs/Performance objectives to your subordinates at the beginning of performance period?		
3.	Does your performance objectives aligned with the business goals?		
4.	Do you consider the views of your Appraisees during performance goal setting ?		
5.	Do you establish clear-cut performance standards to your Appraisees?		
6.	Will you give adequate opportunity to your Appraisees to discuss openly helping/hindering factors during the appraisal interview?		
7.	Do you give specific feedback to your Appraisees including negative ones, with guidelines to improve their performance ?		
8.	Have you laid down clear Roles & Responsibilities to your Appraisees ?		
9.	Has the Job Evaluation techniques helped to identify clear Responsibilities & Accountabilities of yours?		

10. At what frequency does the performance review discussions take place?

Yearly basis  Half-yearly basis  Quarterly basis

11. Which Performance appraisal methods you generally use in your organization?

Kindly tick ( \_ / )

- a. Graphic Rating method   
 Under this method, a variety of traits may be used to evaluate Performance of each employee (e.g., Job knowledge, team work)
- b. Straight Ranking method   
 The appraiser places employees in order of merit (best to poorest). Ranking is usually carried out on an assessment of overall performance

- c. Free essay method   
Under this method, the rater is asked to express the strong as well as weak points of the employee's behavior.
- d. Critical incidents technique   
Its distinctive feature is that the appraiser is asked to record what he or she perceives as critical incidents in each employee's performance over the review period.
- e. Management by Objectives   
In this method, KRAs/Objectives are jointly set by Superior and subordinate
- f. Behaviorally Anchored Rating scales   
It is a combination of rating scale and critical incident techniques of employee performance evaluation. The critical incidents serve as anchor statements on a scale and the rating form usually contains 6 to 8 specific performance dimensions
- g. Forced Distribution method   
The distinguishing characteristic of this method is that a predetermined percentage of the group of employees to be assessed must be placed in each category

*Kindly tick ( / ) only one answer for each question.*

S.No.	VARIABLE	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
12	Well written KRAs/goals not only specify the actions to be taken, but also stimulate it.					
13	I set specific and measurable goals to my Appraisees.					
14.	I make the best use of my appraisee's skills and abilities while setting goals.					
15	I am quite analytical & objective in evaluating my subordinate's performance during the appraisal interview.					
16	Performance appraisal process is used as a means to assert superior's authority on subordinates.					



S.No.	VARIABLE	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
17	During the performance review, I discuss at length all the issues related to my appraisee's performance.					
18	Pay for Performance is linked to the individual performance in this organization.					
19	Variable pay component makes distinction between High Achievers and Average performers.					
20	High potential employees are retained through suitable rewards / recognitions.					
21	I use performance appraisal data for giving rewards, recognition, etc.					
22	The Performance appraisal data is also used for deciding administrative transfers.					
23	I use the performance appraisal data for the purpose of disciplinary action of my subordinates					
24	The existing reward system is a good motivational tool for boosting employee's morale .					
25	The performance appraisal data reveals the strengths and weaknesses of my appraisees.					
26	The performance appraisal data is useful to help individuals improve their performance.					
27	I use the performance appraisal data for the purpose of career planning of my subordinates.					



S.No.	VARIABLE	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
28	I communicate my views honestly and directly during the periodic review & feedback meetings.					
29	I provide with specific examples of performance problems to the appraisees during the feedback sessions.					
30	The performance feedback sessions are very helpful in improving my subordinates' performance					
31	I appreciate my subordinates for the genuine objections raised by them about performance evaluation.					
32	The genuine objections raised by my subordinates will give an input for improving my own performance.					
33	I am getting good support from my superiors in performing my jobs effectively.					
34	The management is taking great care in career aspirations of the employees in the organization.					
35	The management is most concerned about human capital in the organization.					
36	I am extending full support to my subordinates, team members etc. for their smooth functioning.					
37	Reasonably achievable performance standards are being set in the organization .					

S.No.	VARIABLE	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
38	Setting high performance standards is a good motivational tool for developing competencies of the employees.					
39	The management makes good efforts in ensuring smooth implementation of the PMS.					
40	The PMS is implemented with forward looking and developmental focus.					
41	Effective implementation of the PMS leads to improved performance of the company vis-à-vis its stated goals.					

42. Would you like to suggest any issues which will have policy implications of effective PMS practices ?

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1. Your Unit name is : \_\_\_\_\_
2. Your Function / Department is
- |  |                          |  |                          |
|--|--------------------------|--|--------------------------|
| Production/Tech/Operations/<br>Engg/Maint./R&D/Quality | <input type="checkbox"/> | Finance/Accounts/Commercial/<br>IT/Logistics/Materials/Purchase/Stores/<br>Marketing | <input type="checkbox"/> |
| HRD/IR/PR/Personnel/Admn                               | <input type="checkbox"/> | Others   | <input type="checkbox"/> |
3. Your current age (in years) is
- |              |                          |             |                          |         |                          |
|--------------|--------------------------|-------------|--------------------------|---------|--------------------------|
| 30 and below | <input type="checkbox"/> | 31 – 38     | <input type="checkbox"/> | 39 – 46 | <input type="checkbox"/> |
| 47 – 54      | <input type="checkbox"/> | 55 and more | <input type="checkbox"/> |         |                          |
4. The highest educational qualification you have is
- |                                   |                          |              |                          |                 |                          |
|-----------------------------------|--------------------------|--------------|--------------------------|-----------------|--------------------------|
| Diploma                           | <input type="checkbox"/> | Graduation   | <input type="checkbox"/> | Post-graduation | <input type="checkbox"/> |
| Professional<br>(e.g.Engg/MBA/CA) | <input type="checkbox"/> | M.Phil/Ph.D. | <input type="checkbox"/> | Others          | <input type="checkbox"/> |
5. Your level is
- |                         |                          |                            |                          |
|-------------------------|--------------------------|----------------------------|--------------------------|
| Asst.Manager/Dy.Manager | <input type="checkbox"/> | Manager/Sr.Manager/AGM/DGM | <input type="checkbox"/> |
| GM and AVP              | <input type="checkbox"/> | VP and above               | <input type="checkbox"/> |
6. Total professional experience (in years) you have is
- |             |                          |             |                          |         |                          |
|-------------|--------------------------|-------------|--------------------------|---------|--------------------------|
| 5 and below | <input type="checkbox"/> | 6 – 11      | <input type="checkbox"/> | 12 – 17 | <input type="checkbox"/> |
| 18 – 23     | <input type="checkbox"/> | 24 and more | <input type="checkbox"/> |         |                          |
7. Number of years worked in the present organisation
- |             |                          |             |                          |         |                          |
|-------------|--------------------------|-------------|--------------------------|---------|--------------------------|
| 4 and below | <input type="checkbox"/> | 5 – 9       | <input type="checkbox"/> | 10 – 14 | <input type="checkbox"/> |
| 15 – 19     | <input type="checkbox"/> | 20 and more | <input type="checkbox"/> |         |                          |
8. Your immediate Reporting Officer's designation is : \_\_\_\_\_
9. Your immediate subordinate's designation is : \_\_\_\_\_

b) Format of Questionnaire - Appraisee

Dear Sir / Madam,

At the outset, I would like to introduce about the study that I am conducting on Performance Management System (PMS). Performance Management provides an organization with the basis for managing its business today and preparing for its future through the performance of its people. The objectives of Performance Management System (PMS) would be : (i) to identify individuals' strengths & weaknesses; (ii) to identify developmental needs of employees; and (iii) to strengthen communication channels between the employees and their superiors.

The present researcher has taken this study to examine 'effectiveness & implementation of the PMS' in your esteemed organisation.

You are requested to kindly go through the enclosed questionnaire and give your valuable opinion on each question. Kindly tick mark either 'YES' or 'NO' from Q.Nos. 1 – 10. You may please Tick one or more options in Q.No. 11 and from Q.Nos. 12 to 41 you may please select only one answer in each question. You may also give your valuable suggestions in Q.No. 42. At the end, kindly give your personal data for analysis purpose.

I assure that the data, whatever would be provided by you, will be strictly kept confidential. It will be exclusively used for academic purpose.

Thanking you in anticipation.

I remain,

Yours faithfully,

(A.Srinivasa Rao)  
Ph.D. Scholar

## QUESTIONNAIRE IN CAPACITY OF APPRAISEE ONLY

*Kindly tick either YES or NO for each question.*

S.No.	VARIABLE	YES	NO
1.	Does the Company communicate to you the Performance objectives at the beginning ?		
2.	Do you get clear communication on KRAs/Performance objectives from your superiors at the beginning of performance period?		
3.	Does your performance objectives aligned with the business goals?		
4.	Does your Appraiser consider your views during performance goal setting ?		
5.	Does your Appraiser establishes clear-cut performance standards to you?		
6.	Will your Appraiser give adequate opportunity to you to discuss openly helping/hindering factors during the appraisal interview?		
7.	Does your Appraiser give specific feedback to you including negative ones, with guidelines to improve your own performance ?		
8.	Has your Appraiser laid down clear Roles & Responsibilities for you ?		
9.	Has the Job Evaluation techniques helped to identify clear Responsibilities & Accountabilities for you?		

10. At what frequency does the performance review discussions take place?

Yearly basis  Half-yearly basis  Quarterly basis

11. Which Performance appraisal methods you generally use in your organization?

Kindly tick ( \_/ )

- a. Graphic Rating method   
 Under this method, a variety of traits may be used to evaluate Performance of each employee (e.g., Job knowledge, team work)
- b. Straight Ranking method   
 The appraiser places employees in order of merit (best to poorest). Ranking is usually carried out on an assessment of overall performance

- c. Free essay method   
Under this method, the rater is asked to express the strong as well as weak points of the employee's behavior.
- d. Critical incidents technique   
Its distinctive feature is that the appraiser is asked to record what he or she perceives as critical incidents in each employee's performance over the review period.
- e. Management by Objectives   
In this method, KRAs/Objectives are jointly set by Superior and subordinate
- f. Behaviorally Anchored Rating scales   
It is a combination of rating scale and critical incident techniques of employee performance evaluation. The critical incidents serve as anchor statements on a scale and the rating form usually contains 6 to 8 specific performance dimensions
- g. Forced Distribution method   
The distinguishing characteristic of this method is that a predetermined percentage of the group of employees to be assessed must be placed in each category

**Kindly tick ( / ) only one answer for each question.**

S.No.	VARIABLE	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
12	Well written KRAs/goals not only specify the actions to be taken, but also stimulate it.					
13	Specific and measurable goals are set for me by my Appraiser.					
14.	My Appraiser makes the best use of my skills and abilities while setting goals.					
15	My Appraiser is quite analytical & objective in evaluating my performance during the appraisal interview.					
16	Performance appraisal process is used as a means to assert superior's authority on subordinates.					



S.No.	VARIABLE	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
17	During the performance review, my Appraiser discusses at length all the issues related to my performance.					
18	Pay for performance is linked to the individual performance in this organization.					
19	Variable pay component makes distinction between High Achievers and Average performers.					
20	High potential employees are retained through suitable rewards / recognitions.					
21	My Appraiser uses performance appraisal data for giving rewards, recognition, etc.					
22	The performance appraisal data is also used for deciding administrative transfers.					
23	My Appraiser uses the performance appraisal data for the purpose of disciplinary actions.					
24	The existing reward system is a good motivational tool for boosting employee's morale .					
25	The performance appraisal data reveals my own strengths and weaknesses .					
26	The performance appraisal data is useful to help individuals improve their performance.					

S.No.	VARIABLE	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
27	My Appraiser uses the performance appraisal data for the purpose of my own career planning.					
28	My Appraiser communicates his own views honestly and directly during the periodic review & feedback meetings.					
29	My Appraiser provides me with specific examples of performance problems during the feedback sessions.					
30	The performance feedback sessions are very helpful in improving my own performance.					
31	My Appraiser appreciates for the genuine objections raised by me about performance evaluation.					
32	The genuine objections raised by me will give an input for improving my Appraiser's own performance.					
33	I am getting good support from my superiors in performing my jobs effectively.					
34	The management is taking great care in career aspirations of the employees in the organization.					
35	The management is most concerned about human capital in the organization.					

S.No.	VARIABLE	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
36	My Appraiser extends full support to his subordinates, team members etc. for their smooth functioning.					
37	Reasonably achievable performance standards are being set in the organization					
38	Setting high performance standards is a good motivational tool for developing competencies of the employees.					
39	The management makes good efforts in ensuring smooth implementation of the PMS ?					
40	The PMS is implemented with forward looking and developmental focus.					
41	Effective implementation of the PMS leads to improved performance of the company vis-à-vis its stated goals.					

42. Would you like to suggest any issues which will have policy implications of effective PMS practices ?

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1. Your Unit name is : \_\_\_\_\_

2. Your Function / Department is

Production/Tech/Operations/ Engg/Maint./R&D/Quality	<input type="checkbox"/>	Finance/Accounts/Commercial/ IT/Logistics/Materials/Purchase/Stores/ Marketing	<input type="checkbox"/>
HRD/IR/PR/Personnel/Admn	<input type="checkbox"/>	Others	<input type="checkbox"/>

3. Your current age (in years) is

30 and below	<input type="checkbox"/>	31 – 38	<input type="checkbox"/>	39 – 46	<input type="checkbox"/>
47 – 54	<input type="checkbox"/>	55 and more	<input type="checkbox"/>		

4. The highest educational qualification you have is

Diploma	<input type="checkbox"/>	Graduation	<input type="checkbox"/>	Post-graduation	<input type="checkbox"/>
Professional (e.g.Engg/MBA/CA)	<input type="checkbox"/>	M.Phil/Ph.D.	<input type="checkbox"/>	Others	<input type="checkbox"/>

5. Your level is

Asst.Manager/Dy.Manager	<input type="checkbox"/>	Manager/Sr.Manager/AGM/DGM	<input type="checkbox"/>
GM and AVP	<input type="checkbox"/>	VP and above	<input type="checkbox"/>

6. Total professional experience (in years) you have is

5 and below	<input type="checkbox"/>	6 – 11	<input type="checkbox"/>	12 – 17	<input type="checkbox"/>
18 – 23	<input type="checkbox"/>	24 and more	<input type="checkbox"/>		

7. Number of years worked in the present organisation

4 and below	<input type="checkbox"/>	5 – 9	<input type="checkbox"/>	10 – 14	<input type="checkbox"/>
15 – 19	<input type="checkbox"/>	20 and more	<input type="checkbox"/>		

8. Your immediate Reporting Officer's designation is : \_\_\_\_\_

9. Your immediate subordinate's designation is : \_\_\_\_\_

## **Brief about Supervisor**

### **Dr. S.K.Sharma**

S.K. Sharma (Ph.D.) is a Professor and having a teaching and research experience of 20 years. Dr. Sharma is presently working as Professor & Head, Management Studies since 1995 with premier institute i.e. The Technological Institute of Textiles and Sciences (Managed by B.K.Birla Group of Companies), Bhiwani. He has supervised 11 Ph.D. Scholars. He has contributed 20 research papers in journals of repute. He has completed 3 sponsored research projects. He had been selected for UGC Research Awardee in Management during IX Plan and completed a project entitled "Environmental and Organisational Appraisal in Indian Large Companies".

Presently, working on UGC Sponsored major research project entitled "Applications of Behavioural Approach in Strategy Implementation in Indian Companies". He is associated with UGC and AICTE, New Delhi in different capacities. He has organized a number of National Seminars / Conferences / Executive Development Programmes.

## **Brief about Candidate**

### **A. Srinivasa Rao**

A. Srinivasa Rao is a Science Graduate from Andhra University, Visakhapatnam (Andhra Pradesh). He has completed his Post Graduate Diploma in Personnel Management (approved by A.I.C.T.E. as equivalent to MBA) from National Institute of Personnel Management (NIPM), Kolkata. He has completed his Doctoral thesis work on 'An Assessment of Effectiveness of Performance Management Systems : An Empirical Study in Indian Companies' (Thesis being submitted) from BITS, Pilani.

He is presently working as Manager (HR) with Grasim Industries Limited (AV Birla Group) located at Bhiwani. He has contributed 6 articles in various journals of repute. His interest areas are Performance Management, Training & Development, Talent Management, OD interventions, Human Resource Information System (HRIS) and e-Learning. He has got total 15 years of rich experience in hardcore HRM functions. He has organized a number of Workshops / in-house Training programmes on 'Performance Management', 5-S, 'Communication Skills', etc. He is also associated with various professional bodies like National Institute of Personnel Management, Indian Society for Training and Development, National HRD Network etc.

## List of Publications

### Published

1. Rao, A.S., "*Strategic HR for Competitive Advantages*", Souvenir published in the National Seminar in The Technological Institute of Textile & Sciences, Bhiwani, pp.41-42, March, 2002.
2. Rao, A.S. and Mufeed, S.A., "*HRD for Competitive Advantage : Innovative Practices of Grasim Industries Limited*", The Business Review, Vol.9(2), pp.30-37, March, 2003.
3. Rao, A.S., "Changing Roles of HR Professionals in Competitive Organizations", Personnel Focus, pp.17-18, October-December, 2002.
4. Rao, A.S., "Developing Performance Culture – The Grsim Way", Samvaad, Vol.1(12), pp.4-7, August, 2002.
5. Rao, A.S., "Steps to Successful Performance Appraisals", March, 2002.  
Link: [www.themanagementor.com](http://www.themanagementor.com)
6. Rao, A.S., "Using 360 Degree as part of Annual Performance Review", March, 2002.  
Link: [www.themanagementor.com](http://www.themanagementor.com)

### Accepted

1. Rao, A.S., "Quality Circle Movement : A Case Study of Grasim Industries Limited", Labour & Management Journal, XLRI, Jamshedpur, November, 2004.

### Communicated

1. Rao, A.S., "Workers' Skill Development : A Case Study of Grasim Industries", Training & Development Journal, ISTD, New Delhi.

## List of Conferences / Workshops / Presentations

- i) Conducted 4 (four) *'Honing Skills for Performance Management workshops* for Performance Coaches at 'Grasim Industries Ltd.' during the years 2003 & 2004.
- ii) Presented a paper on my Ph.D. thesis in a two week specialized *'Learning Internship Program'* held at AV Birla Group Learning Centre at Gyanodaya during the period 17<sup>th</sup> to 29<sup>th</sup> October, 2004.
- iii) Conducting *5-S Workshops* for Supervisory staff periodically (once in six months).
- iv) Conducted two workshops on *'Effective Communication'*.
- v) Conducted 4 (four) Train the Trainer workshops at Grasim Industries Limited.
- vi) Presented a paper in *'Emerging HR Leadership'* program held at AV Birla Group Learning Centre at Gyanodaya in Feb. 2004.
- vii) Presented a paper in *'e-Learning Facilitators'* program held at AV Birla Group Learning Centre at Gyanodaya in June 2004. I have been nominated as *e-Learning Facilitator* from Grasim Industries Limited.