

PERFORMANCE MANAGEMENT IN ORGANIZATIONAL HR SYSTEM

Abstract

To plan the performance of the organization internally, goal setting plays an important role. Generally the goals of the organization will be set by the top management and flowed to the lower level (individual level). The performance management process at Jindal Steel & Power Limited (JSPL) is referred to as performance development and review (PDR) process. The primary objective is to set the right direction. Discussions relating to goal setting, thus, aim to: (a) introduce and explain the process, (b) clarify the parameters on which an employee will be evaluated, and (c) establish and agree upon performance expectations. The company Indian Oil generally follows a top-down approach. In KRAS are flowed down from the business scorecard with specific KPIs(measured against time and given specific weightage). Tata Motors generally follows a similar practice with individual employee performance plans being flowed from the balance scorecard to the smallest work unit. The performance management system followed in the organization 'Philips Electronics India' is termed as PPM (people performance management). In Philips, Online method is used to appraise the managers and above level employees. To appraise the below level employees, forms will be used. The will be filled first by the employees (it is self-evaluation) and then it will be submitted to the superiors. The superiors give their recommendations and ratings for promotion. In Honey well, files will be distributed to the employees in the beginning of the year and the performance will be recorded. This performance management File system is known as 'Growth file'. They keep track of their performance on a day to day basis and record their achievements in the file. The performance appraisal process at Schneider Electric India is conducted online. Performance objectives set up in People Soft is delivered using the HRIS system. Managers create the performance document in the system and complete the performance evaluation online.

Keywords: Performance Management, Goal setting in PMS, Performance management Appraisal Process, Methods in PMS, Trends in performance management

Authors

Chandrashekar C
Librarian, GIBS B School
Bengaluru, India

Kumar C
Librarian, Bapu
Degree College
Bengaluru, India

Dr. Prem Knowles
Assistant professor
Department of Management
Studies Madanapalle
Institute of Technology &
Science Madanapalle
Andhra Pradesh India

I. INTRODUCTION

Performance management processes treaty with all that is done to ensure a. performance planning and proper work, enablement of organizational support goal setting, c. developing and measuring performance, d. identification and reduction of blocks hindering performance, and e. progress of opportunities for effective performance. This chapter is discussed on the basis of research and study conducted by T.V. Rao in performance Management.

II. PLANNING FOR PERFORMANCE: GOAL SETTING

Goal setting is an important part of planning for performance. It generally follows a top-down approach with organizational goals getting cascaded down to the individual level. Some of the processes followed for goals setting across organizations are discussed here.

The performance management process at Jindal Steel & Power Limited (JSPL) is referred to as performance development and review (PDR) process. As part of goal setting, the reporting officer and the employee hold a discussion to establish clear and specific performance expectations for the employee for the year. It is an opportunity for the reporting officer to explain what the PDR process is, define roles, discuss job requirements, answer employees' questions about the process, and work together with them to reach a consensus on and commitment to performance standards. The primary objective is to set the right direction. Thus, goal-setting discussions aim to: (a) introduce and explain the process, (b) clarify the parameters against which the employee will be evaluated, and (c) establish and agree on performance expectations. However, at Jindal, the process is different for employees in the executive and higher grades and for those below the executive grade. The performance management system for people at lower levels is not targeted and targets are not decided for them at the beginning of the year. At Moser Baer, when setting goals, direct links are made to the business/functional scorecards of Assistant Manager and above, but for senior officers and engineers, goals are not directly cascaded from their scorecards, but based on their role/responsibility. According to the Balanced Scorecard approach, business goals are conceptualized based on the four perspectives of a. finance, b. customer, c. internal processes, and d. learning and development.

Financial year, starts with a company-level strategic plan that is cascaded and individual plans are prepared. For workmen, based on Goal setting, which is done at the beginning of the factory score card, individuals work out a plan in line with their safety, quality, delivery, cost, morale, and environment (SQDCM) targets. Dabur India uses a mix of the balance scorecard and management, and has objective principles for goal setting.

Very often, targets are set using the A. Specific, B. Measurable, C. Achievable, D. Realistic and E. Time-bound (SMART) framework, which is also used by HPCL and Schneider Electric India. Processes can also be done online. At Schneider, there is also a one-on-one goal-setting dialogue between reporting managers and their teams/subordinates, after HR shares company guidelines with employees and managers. It is also mandatory to include behavioural expectations based on Schneider's values: passion, openness, directness and effectiveness (POSE). These goals are prioritized based on business and departmental requirements, and SMART goals must be mutually agreed upon. Individual goals are aligned

with functional/business unit goals. At Honeywell India, the goals of individuals across the organization are aligned with Honeywell's five initiatives: 1)Growth, 2)Productivity, 3)Cash, 4)Resources and 5)People.

III. ASSESSING, MANAGING, AND DEVELOPING PERFORMANCE

The process for assessing and managing performance generally consists of assessment against individual KRAS, a midterm review, and a final review. Based on the assessment, promotions, increments, and bonuses are decided. It is also linked to training and individual development plans. Many companies have a separate process or potential assessment, as will be discussed in the next section in more detail. Some sample processes for assessment and management of performance are discussed in the following portion.

The performance management system at Philips Electronics India is called people performance management (PPM). The appraisal process for managers and above is online, while forms are used for employees below managerial level. The forms are first filled by employees (self-evaluation) and then submitted to their superiors who then provide their recommendations and promotability ratings. In cases where there is dual reporting to functional managers, co-assessors also provide their comments in the appraisal process. These are only viewed by managers. The promotability ratings are categorized as fast track, growth path, and well-placed. The final ratings are discussed with the employees, and if there are any differences in opinion, these are recorded in the PPM document and finally signed off. The PPM document also includes assessment of Philips' leadership competencies, SMART objectives, and development activities for the previous and coming period. The HR team also organizes a session before starting the process to communicate the contents and explain the process of PPM to all management staff. At IFFCO, HR functionaries are involved in educating appraising officers at different levels about the need for assessing employees on the performance factor alone and not on any extraneous factors. An attempt is made to minimize areas of subjectivity in the process and officials at managerial levels are provided guidance in writing reports that are free of bias.

At the start of every performance year in Honeywell India, employees are issued files called "growth files" to record their performance. They keep track of their performance on a day to day basis and record their achievements in the file. They are responsible for keeping their growth file safe and updated all the time. Every quarter, employees are required to produce their file for a performance review to their supervisors. They are also assessed on that Honeywell behaviour during this time. After the review, comments on their performance are recorded in the growth file, which is then returned to them. The year-end performance assessment considers employees' performance during the year. The rating scale used is "exceed, "at," and "below. ""Merit increase" is linked to rating review and feedback Assessment criteria at Honeywell are based on: (a) competency level: every employee needs to have competency in one plus two secondary processes. (b) Defects produced: defects produced by employees, (c) Kaizens: number of Kaizens implemented every month, (d) safety incidence: near misses/First aid incidence, accidents, and so forth, (e) team 5S score. (f) Production target: target vs. actual production and hit rate, g) employee attendance, and (h) appreciation: the number of rewards and appreciation received by employees. Employees are evaluated against goals, Honeywell behavior, Honeywell initiatives, assessment of their

growth potential, risk of retention assessment, and risk of attrition in their position in the organization.

At Sanghi Industries, employees are rated through their KRAS and attributes. The KRAS are further divided into the sub-functions of functional goals, total quality management, endeavours in cost reduction, team development, and system improvement goals. The attributes on which employees are assessed include attitude and behavior, communication skills, job knowledge, organizational skills, leadership and conceptual depth, and safety-related awareness in the case of plant personnel.

Tamil Nadu Newsprint and Papers Limited (TNPL) follow a system where there is annual performance appraisal of all levels of employees and a quarterly performance appraisal of all trainees and probationers. The company adopts a bottom-up approach. Individual production units furnish data on production plans, raw material consumption, benchmarks to be adopted, and so forth. These are then consolidated and placed before the Board, which gives its approval and further directions.

The performance appraisal process at Schneider Electric India is conducted online. Performance objectives set up in People Soft is delivered using the HRIS system. Managers create the performance document in the system and complete the performance evaluation online. Employees engage in self-evaluation and comment on their managers' evaluation. The process includes defining performance and key performance areas, planning for performance (including measurable indicators, analysing performance, monitoring and reviewing performance, and finally rewarding performance).

A Paper-based performance appraisal process is used in Sona Koyo Steering Systems. Following the distribution of appraisal sheets and collection of filled-in appraisals, there is a session when the divisional departmental heads meet to finalize the appraisal process of employees. Final appraisal targets are frozen in the session. This is followed by a mid-year review on the basis of which competency gaps and training needs are assessed. Promotions and increments are based on the final year-end review, which ends with counselling and collection of feedback from employees. A number of other organizations such as ITW Signode, JSPL, and NTPC also follow the paper-based performance management system.

At the first phase of assessment at TCG Life Sciences, employees assess and rate themselves on various designated attributes, identify their strengths, areas of development and critical incidents. And note down how they feel about the company's policies, environment, culture, and so forth. At the second phase, completed forms are sent to supervisors to evaluate their juniors. This is followed by a review meeting between appraisers and appraisees. The final scores are arrived on mutual consent. If there is any disagreement at this stage, a second reviewer (such as a line supervisor) steps in, and in consultation with the appraisee and appraiser, focuses on resolving the. Conflict and deriving the final scores and future goals. The filled in form is sent to the HR department, where the performance rating is calculated and the individual's present performance is evaluated. Finally, the master performance score sheet is prepared for moderation (discussed further in the next section). The online performance system at HPCL has a link, "Change/Modify Targets Request", through which appraisees can put in a request for changing their targets any time during a financial year. JSPL has set up a helpdesk to facilitate its mid-year review process. Forms are

sent out to appraise and transfer forms between appraisers and reviewers so that the process is over in time.

IV. ASSESSING FOR POTENTIAL

There is a separate system for potential assessment in some organizations, especially at senior levels. At Tata Motors, potential assessment is carried out, based on the developed Tata Leadership Practices introduced by the Tata Group HR department and the company's development center. HPCL also uses development centers, based on competency, mapping. Potential assessment of senior-level executives is done through 360° feedback and assessment centers in NTPC. At JSW Steel, assessment is undertaken by assessment centers. Various methods such as a 360° appraisal, development centers, engagement surveys, 4D surveys, and so forth, are used at Philips Electronics India. Potential assessment is conducted by using Schneider Electric India's Talent Acceleration Program (TAP), whereby people are identified as "talent," and undergo technical assessments, such as Personnel Decision International (PDI) or at a local development center, followed by an interview.

Based on the assessment results, further development plans are decided. At SKF India, consistent performers are selected for the company's program INSPIRE, where they are further assessed for their potential at assessment centers. Some are sent to a two-day development center, and are assessed on a set of competencies that are crucial for individual and organizational success. ITW Signode assesses the potential of its employees through a combination of competency-based interviews (face-to-face interviews during which their competencies are assessed) and development/assessment centers (where employees are assessed on the company's behavioral competency framework through role plays, group tasks, cases studies, and personal interviews).

For some employees, potential assessment takes part as part of performance management. Employees at JSPL have to rate themselves first on behavioural competencies featured on their assessment forms, after which a reporting officer rates them. These employees are rated on the basis of this. The performance appraisal Format at Sona Koyo Steering Systems has three sections, two for performance factors, and one for potential factors. Individuals are assessed on these two parameters separately and then their over-all performance is consolidated. Finally, ratings are arrived at for employees. Its PMS competency chart is used to assess potential at Motherson Automotive Technologies and Engineering.

V. LINKAGE OF PMS WITH OTHER SUBSYSTEMS

The PMS system generally has linkages with most other HR systems. The chief among these include rewards and performance-linked salaries, training and development, promotions, and career and succession planning. In addition, it also has other linkages such as OD interventions (as in NTPC). Career discussions that take place between the assessed and the supervising managers are also used to work out employees' job rotation/project assignment and development plan in Tata Motors. It is also used for leadership competency assessment and mobility decisions, as practiced in Philips Electronics India.

The performance system seems to be a multiple-use system, and a comprehensive tool for people management. It is being used by most organizations to manage their performance through SMART goals, balanced score cards, appropriate performance-related rewards, and development interventions. Many innovative practices seem to emerge from this system, which form the basis for other people management practices.

VI. CONCLUSION

Measuring the performance of the employees is one of the key roles of Human Resources Management. PMS differs from organization to organization as we have discussed in the paras. There is a separate system for potential assessment in some organizations, especially at senior levels. At Tata Motors, potential assessment is carried out, based on the developed Tata Leadership Practices introduced by the Tata Group HR department and the company's development center. HPCL also uses development centers, based on competency, mapping. Potential assessment of senior-level executives is done through 360° feedback and assessment centers in NTPC. Though the system differs, the ultimate goal of the structure is to improve the performance and potentiality of the employees.

REFERENCES

- [1] Ashford, S.J. & Cummings, L.L. (1983). Feedback as an individual resource: Personal strategies of creating information. *Organizational Behavior and Human Performance*, 32, 370-398.
Ashe-Edmunds, S. (2015). Competency based job descriptions. *Houston Chronicle*. Retrieved from <http://smallbusiness.chron.com/competency-based-job-descriptions-40219.html>
Ashe-Edmunds, S. (2015). The effect of job descriptions on employee performance. *Houston Chronicle*. Retrieved from <http://work.chron.com/effect-job-descriptions-employee-performance-23428.html>
Bae, E. (2006). Major elements and issues in performance management system: A literature review. *Education Resources Information Center*, 1430-1437. Retrieved from <http://files.eric.ed.gov/fulltext/ED492860.pdf>
- [2] Canning, R. (2011) Older workers in the hospitality industry: valuing experience and informal learning, *International Journal of Lifelong Education*, 30(5), 667-679.
Ceplenski, C. (2013, November 5). 4 benefits of effective job descriptions. *HR Daily Advisor*. Retrieved from <http://hrdailyadvisor.blr.com/2013/11/05/4-benefits-of-effective-job-descriptions/>
- [3] Mueller-Hanson, R., & Pulakos, E. (2013). Rethinking your performance management training. *T+D*, 67(12), 68-69. <https://www.td.org/Publications/Magazines/TD/TD-Archive/2013/12/Rethinking-Your-Performance-Management-Training?mktcops=c.human-capital&mktcois=c.human-performance-improvement~c.communications>
- [4] T.V. Rao, Performance Management: Toward Organizational Excellence, Sage Publications, ISBN: 9789351507307, page no: 173-201

