

**Definition:**

‘Performance management may be defined as a planned and systematic approach to managing the performance of individuals ensuring their personal development and contributing towards organisational goals.’

‘Performance management involves thinking through various facets of performance, identifying critical dimensions of performance, planning, reviewing and developing and enhancing performance and related competencies.’

Performance management was first introduced by Michel Beer (1976) as a distinctive approach with an innovative appraisal and development system, it was based on the observation, ordinary evaluation and measuring the quality and quantity of production as produced by employees.

**Importance:**

The significance or importance of performance management in any organisation are given here:

1. Defining Objectives and Targets – It helps to define the objective, aims, targets, missions, vision, strategy and values of the organisation in order to enable them to achieve in proper way.
2. Opportunities for Learning – Performance management system provide some worthwhile opportunities to create and develop learning aspects and employment advancements. It may be identify the competencies as required for high performance.
3. Fulfil the Managerial Commitment – It is helpful to fulfil the required commitment and assurances as given by the management. These are in the form of work facility, job security, rewards and compensation promotion and career orientation programmes.
4. Fair and Justified Treatment with Workers – Within the purview of performance management, the employees can get fair, justified and optimum behaviour from the management. There is a pre-required condition is that there is an utmost need to make fair and justified treatment with employees.
5. Human Resource Planning – Performance appraisal information provides a valuable input for skills inventories and human resource planning (HRP). By providing information about the human resource strengths and weaknesses of the organisation, the performance appraisal system helps determine the potential of all employees. It, therefore, constitutes an important information base for developing succession plans, HR programmes and creating new positions in the organisation.
6. Recruitment and Selection – It is used to validate or evaluate the approaches and decisions relating to employees g recruitment and selection. It aims to determine the effectiveness of them on a particular job as well as on organisation as a whole.
7. Training and Development – With a comprehensive role of performance management, it can be assess the need and requirement of training and development. It can also identify performance deficiencies at the individual as well as organisation level.
8. Motivation – A good plan of performance management aims to motivate work appearances with better work culture. It motivate the employees to better work culture, as well as to develop their efficiency for more and better work performance.
9. Increase in Efficiency and Productivity – An optimum performance plan ensure to raise the efficiency and productivity of employees. A fair, optimistic and rational performance evaluation system motivate the employees to raise their better work performance.

10. Decrease in Turnover of Employees – The performance plan also aims to stabilize the existence of employees as well as to reduce the employees' turnover. It has the signifying role to reduce a wide range of turnover in the enterprise.

11. Career Planning and Development – The performance management helps in identifying employee potential and in planning future growth opportunities for the employee. Information about the strengths, weaknesses and potential of employees can be used to assist them in developing and implementing realistic career plans.

12. Compensation and Reward – A fair and objective performance appraisal system helps in making differential reward decisions, such that the most productive workers or teams are rewarded accordingly. When rewards and compensation are linked to performance, it reinforces the belief that pay raises should be linked to.

13. Better Employee Relations – Performance management aims to maintain better organisational cultural. Any dissatisfaction or grievances can be overcome or manage by using performance data. As such, by using optimum system of appraisal the better and most amicable relations with employees can be developed.

### **Dimensions:**

#### **Dimension # 1. Result and Output:**

The most acceptable and measurable dimension of performance is result and output. It describes the conditions of inputs which included raw material, working conditions, process capabilities and talent of employees in the final form of product or service. It is necessary to plan all the performance activities in a scientific and systematic manner so that the desired result or output may be obtained.

#### **Dimension # 2. Input:**

This dimension deals with the activities to be accomplished by the employee. Performance can be achieved if the nature of inputs can be managed without mistake, because performance is a function of three sets of factors – ability, motivation and organizational support. If anyone among these three factor is less the performance is to be poor.

Employee Performance = Employee Competence + Employee Motivation + Organisational Support

#### **Dimension # 3. Time:**

Time is precious and very important dimension of performance. In the current scenario of world, the performance management is time bound otherwise the survival of organisation is not possible in the future. Performance of an employee in relation to a given role during particular period of time under the set of circumstances operating at that point of time. Therefore, time may become the target.

#### **Dimension # 4. Focus:**

Performance also has a focus dimension. For example in case of sales, profits and new areas. Focus means attention, not only on own activities but should also keep close watch on related activities.

#### **Dimension # 5. Quality:**

'Quality is not destination but a journey'. Quality refers to doing the things right from the first time rather than making and correcting mistakes in order to achieve total customer satisfaction. It means quality is conformance to customer requirements, not goodness. Higher is the quality greater is the satisfaction of customers. It is the responsibility of each and every employee as well as management to build a quality standard which provides reasonable customer satisfaction at economical cost. Quality is the core dimension of performance management.

#### Dimension # 6. Cost:

The ultimate principle of purchasing is the low cost with best quality. Therefore cost effectiveness is another dimension of performance management. It implies the capacity of a business unit to produce a given commodity at a lower cost through more effective utilization of existing resources. It is the process of cost reduction by improving efficiency of operations.

#### Dimension # 7. Output:

Output relationships and analysis- It is relevant and essential to understand the input-output relationships and analysis. The purpose of input-output analysis is to find out the interdependencies and complexities of the economy in order to determine the conditions for maintaining balance between demand and supply. It describes the inputs required to produce the outputs of different sectors of the economy. It also involves the study of the exchange of goods and services among industries.

The performance appraisal is the part of performance management because the moment assessing process is started there is an appraisal taking place. Therefore, performance appraisal is static in nature while performance management is a dynamic process. Performance management with performance appraisal should lead to increased performance. The effort should be to make the performance management process more effective and productive using appraisal system.

### **PERFORMANCE ANALYSIS**

Performance influencing factors (PIF's) affects the human performance and thus human's ability to perform actions correct and efficient. Performance influencing factors can be divided into

#### **1. Workplace related factors**

Human performance can be drastically improved by having control of workplace related factors. Most of these factors are controlled by the company management. Management based on visions and "greate words" will fail. Management must have practical knowledge for handling specific situations and demonstrate this knowledge through their behaviour. This will give confidence and motivation among the workers, which is an absolute condition to achieve results. A description of workplace related factors follow:

- ☐ Workplace economy
- ☐ Workplace environment
- ☐ Workplace equipment
- ☐ Workplace interaction
- ☐ Workplace layout
- ☐ Workplace personnel policy
- ☐ Workplace routines

#### **2. Human related factors**

Human performance can also be improved by having control of human related factors. Personal factors describe the current state of a person. This state will have variations due to psychological and physiological stresses. A description of human related factors follow:

- ☐ Personal factors
- ☐ Physiological factors
- ☐ Psychological factors

### **PERFORMANCE APPRAISAL**

It might seem at first glance that performance appraisals are used for a rather narrow purpose to evaluate who is doing a good job or not. But in reality performance appraisals are one of the most versatile tools available to managers. They can serve many purposes that benefit both the organization and the employee whose performance is being appraised. In general the purpose can be classified as either administrative or developmental.

From the stand point of administration, appraisal programs provide input that can be used for the entire range of HRM activities. For example, research has shown that performance appraisals are used most widely as a basis for compensation decisions. This is also directly related to a number of other major HR functions, such as promotion, transfer, and layoff decisions.

From the stand point of individual development, appraisal provides the feedback essential for discussing strengths and weaknesses as well as improving performance. Regardless of the employee's level of performance, the appraisal process provides an opportunity to identify issues for discussion, eliminate any potential problems, and set new goals for achieving high performance.

### **TERMS USED IN PERFORMANCE APPRAISAL**

Terms involved in performance appraisal are:-

1. Rater: The person who evaluates the employees is called the Rater or Appraiser.
2. Ratee: The employee who is rated is called the Ratee.
3. Rating: The process of performance appraisal is called Rating.

### **CHARACTERISTICS OF PERFORMANCE APPRAISAL**

1. Performance appraisal is a link between organization's strategy and results
2. Performance appraisal is directed toward a purpose
3. Appraisal can be beneficial for the organization, the employee and manager
4. Appraisal can serve administrative or developmental purposes. Designing a scheme for each purpose is always advisable
5. Providing an employee with feedback can enhance his performance

### **Performance Appraisal Methods:**

Each method of performance appraisal has its strengths and weaknesses may be suitable for one organisation and non-suitable for another one. As such, there is no single appraisal method accepted and used by all organizations to measure their employees' performance.

## **A. Traditional Methods:**

### **1. Ranking Method:**

It is the oldest and simplest formal systematic method of performance appraisal in which employee is compared with all others for the purpose of placing order of worth. The employees are ranked from the highest to the lowest or from the best to the worst.

In doing this the employee who is the highest on the characteristic being measured and also the one who is L lowest, are indicated. Then, the next highest and the next lowest between next highest and lowest until all the employees to be rated have been ranked. Thus, if there are ten employees to be appraised, there will be ten ranks from 1 to 10.

### **2. Paired Comparison:**

In this method, each employee is compared with other employees on one- on one basis, usually based on one trait only. The rater is provided with a bunch of slips each coining pair of names, the rater puts a tick mark against the employee whom he insiders the better of the two. The number of times this employee is compared as better with others determines his or her final ranking.

### **3. Grading Method:**

In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: outstanding, satisfactory and unsatisfactory. There can be more than three grades. Employee performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her perfor-mance.

### **4. Forced Distribution Method:**

This method was evolved by Tiffen to eliminate the central tendency of rating most of the employees at a higher end of the scale. The method assumes that employees' performance level confirms to a normal statistical distribution i.e., 10,20,40,20 and 10 per cent. This is useful for rating a large number of employees' job performance and promo ability. It tends to eliminate or reduce bias. It is also highly simple to understand and easy to apply in appraising the performance of employees in organizations. It suffer from the drawback that improve similarly, no single grade would rise in a ratings.

### **5. Forced-Choice Method:**

The forced-choice method is developed by J. P. Guilford. It contains a series of groups of statements, and rater rates how effectively a statement describes each individual being evaluated. Common method of forced-choice method contains two statements, both positive and negative.

### **6. Check-List Method:**

The basic purpose of utilizing check-list method is to ease the evaluation burden upon the rater. In this method, a series of statements, i.e., questions with their answers in 'yes' or 'no' are prepared by the HR department (see Figure 28-2). The check-list is, then, presented to the rater to tick appropriate answers relevant to the appraisee. Each question carries a weight-age in relationship to their importance.

When the check-list is completed, it is sent to the HR department to prepare the final scores for all appraises based on all questions. While preparing questions an attempt is made to determine the degree of consistency of the rater by asking the same question twice but in a different manner

## **7. Critical Incidents Method:**

In this method, the rater focuses his or her attention on those key or critical behaviours that make the difference between performing a job in a noteworthy manner (effectively or ineffectively). There are three steps involved in appraising employees using this method.

## **8. Graphic Rating Scale Method:**

The graphic rating scale is one of the most popular and simplest techniques for appraising performance. It is also known as linear rating scale. In this method, the printed appraisal form is used to appraise each employee.

The form lists traits (such as quality and reliability) and a range of job performance characteristics (from unsatisfactory to outstanding) for each trait. The rating is done on the basis of points on the continuum. The common practice is to follow five points scale. The rater rates each appraisee by checking the score that best describes his or her performance for each trait all assigned values for the traits are then totaled

## **9. Essay Method:**

Essay method is the simplest one among various appraisal methods available. In this method, the rater writes a narrative description on an employee's strengths, weaknesses, past performance, potential and suggestions for improvement. Its positive point is that it is simple in use. It does not require complex formats and extensive/specific training to complete it. However, essay method, like other methods, is not free from drawbacks. In the absence of any prescribed structure, the essays are likely to vary widely in terms of length and content. And, of course, the quality of appraisal depends more upon rater's writing skill than the appraiser's actual level of performance.

Moreover, because the essays are descriptive, the method provides only qualitative information about the employee. In the absence of quantitative data, the evaluation suffers from subjectivity problem. Nonetheless, the essay method is a good start and is beneficial also if used in conjunction with other appraisal methods.

## **10. Field Review Method:**

When there is a reason to suspect rater's biasedness or his or her rating appears to be quite higher than others, these are neutralized with the help of a review process. The review process is usually conducted by the personnel officer in the HR department.

### **A. Modern Methods:**

#### **1. Behaviorally Anchored Rating Scales (BARS):**

The problem of judgmental performance evaluation inherent in the traditional methods of performance evaluation led to some organizations to go for objective evaluation by developing a technique known as "Behaviorally Anchored Rating Scales (BARS)" around 1960s. BARS are descriptions of various degrees of behaviour with regard to a specific performance dimension. It combines the benefits of narratives, critical incidents, and quantified ratings by anchoring a quantified scale with specific behavioural examples of good or poor performance. The proponents of BARS claim that it offers better and more equitable appraisals than do the other techniques of performance appraisal

Developing BARS typically involves five steps:

### **1. Generating Critical Incidents:**

Critical incidents (or say, behaviours) are those which are essential for the performance of the job effectively. Persons who are knowledgeable of the job in question (jobholders and/or supervisors) are asked to describe specific critical incidents of effective and ineffective performance. These critical incidents may be described in a few short sentences or phrases using the terminology.

### **2. Developing Performance Dimensions:**

The critical incidents are then clustered into a smaller set of performance dimensions, usually five to ten. Each cluster, or say, dimension is then defined.

### **3. Reallocating Incidents:**

Various critical incidents are reallocated dimensions by another group of people who also know the job in question. Various critical incidents so reallocated to original dimensions are clustered into various categories, with each cluster showing similar critical incidents. Those critical incidents are retained which meet 50 to 80% of agreement with the cluster as classified in step 2.

### **4. Scaling Incidents:**

The same second group as in step 3 rates the behaviour described in each incident in terms of effectiveness or ineffectiveness on the appropriate dimension by using seven to nine points scale. Then, average effectiveness ratings for each incident are determined to decide which incidents will be included in the final anchored scales.

### **5. Developing Final BARS Instrument:**

A subset of the incidents (usually six or seven per cluster) is used as a behavioural anchor for the final performance dimensions. Finally, a BARS instrument with vertical scales is drawn to be used for performance appraisal.

## **2. Assessment Centres:**

The introduction of the concept of assessment centres as a method of performance method is traced back in 1930s in Germany used to appraise its army officers. The concept gradually spread to the US and the UK in 1940s and to Britain in 1960s.

The concept, then, traversed from the army to business arena during 1960s. The concept of assessment centre is, of course, of a recent origin in India. In India, Crompton Greaves, Eicher, Hindustan Lever and Modi Xerox have adopted this technique of performance evaluation.

In business field, assessment centres are mainly used for evaluating executive or supervisory potential. By definition, an assessment centre is a central location where managers come together to participate in well-designed simulated exercises. They are assessed by senior managers supplemented by the psychologists and the HR specialists for 2-3 days.

Assessee is asked to participate in in-basket exercises, work groups, simulations, and role playing which are essential for successful performance of actual job. Having recorded the assessee's behaviour the raters meet to discuss their pooled information and observations and, based on it, they give their assessment about the assessee. At the end of the process, feedback in terms of strengths and weaknesses is also provided to the assessee.

The distinct advantages the assessment centres provide include more accurate evaluation, minimum biasedness, right selection and promotion of executives, and so on. Nonetheless, the technique of assessment centres is also plagued by certain limitations and problems. The technique is relatively costly and time consuming.

### **3. 360 – Degree Appraisal:**

It is a system in which employees will get feedback from all the people they work with. There are about 7 to 12 people who will fill out a form which is usually a feedback form. The contents of the form may vary from broad range competencies to work environment. The employee who receives the feedback will also be required to fill out a self-assessment which again might consist of the same components. This system is used to get an improved understanding of every one's strengths and weaknesses.

There are three general reasons as to why an organization would go in for a 360 degree appraisal.

- To get a better view of the performance and prospective of future leaders.
- To have a broad insight of developmental needs of manpower.
- To collect more feedback so as to ensure justice to the job performed by the employees.

In 360 degree appraisal system, the feedback is collected from managers, peers, subordinates, customers, team members etc. A survey is conducted to get close understanding of-on the job performance of the employees. A 360 degree appraisal has four stages in it:

- Self-Appraisal
- Superior's Appraisal
- Sub-ordinates Appraisal
- Peer Appraisal

It is not an easy task to implement 360 degree appraisal. For this appraisal to be effective one needs to bear in mind the following:

- Right skills to be assessed are determined.
- Appraiser should be selected properly.
- He should be well aware of the system, if proper training on the appraisal system is not given.
- Elucidate the intention of this kind of appraisal system.
- Ensure the process to be simple.
- Follow up.

#### **Advantages of 360 degree appraisal**

- Self-development of employees
- Fair and accurate reviews
- No biasing with 360 degree feedback
- Motivated workforce
- Provides a comprehensive view of employee performance
- Persuasive opinions from participants
- Better morale of employees
- Positive work environment

#### **Disadvantages of 360 degree appraisal**

- Process could be time consuming
- Data mix concern
- Tracking concerns
- Too much data at place
- Data is not available to everyone. Can create a suspicious environment
- Needs proper training to execute



#### **4. Cost Accounting Method:**

This method evaluates an employee's performance from the monetary benefits the employee yields to his/her organisation. This is ascertained by establishing a relationship between the costs involved in retaining the employee, and the benefits an organisation derives from Him/her.

While evaluating an employee's performance under this method, the following factors are also taken into consideration:

1. Unit wise average value of production or service.
2. Quality of product produced or service rendered.
3. Overhead cost incurred.
4. Accidents, damages, errors, spoilage, wastage caused through unusual wear and tear.
5. Human relationship with others.
6. Cost of the time supervisor spent in appraising the employee.

#### **5. Human Resource Accounting Method:**

This method measures the efficiency of personnel management behavior and how the people are used in an organization. This is handing over, budgeting and reporting of how much cost is involved in the acquisition of human resources, which includes salaries and wages. There is a saying, 'the human resources are the assets of an organization.' HRA method finds out net worth of these resources in monetary terms. Under this method the cost incurred on employees right from recruitment to induction is calculated and the contribution of employees which in this method is the total value added, is also calculated. The difference between the cost and input is considered to be the performance of the manpower hired; preferably the contribution from the employee's side should be greater than the cost incurred.

#### **6. MBO (Management by Objectives):**

It is a process where in both the managers and subordinates recognize common goals and characterize the individual's responsibility towards achieving those goals. It is a shared goal setting method, along with setting these goals, the key constituent of MBO method is a constant performance review sessions that happens between managers and subordinates. This helps in evaluating the growth on regular basis.

#### **Performance Review Counselling:**

Counseling is a dyadic relationship between two persons i.e., a counselor and a counselee. A counselor offers help to the counselee in related issues like problem solving, target achievement etc. Counseling may be formal or informal. Formal Counseling is a planned and systematic way of helping the subordinates by experts.

Informal counseling is concerned with day-to-day relationships with the manager and the subordinate where the help is offered but is not as per a formal plan.

Performance counseling involves helping an employee to understand his own performance, find his place in relation to others and identify ways to improve upon. It focuses "on analysis of performance of the job and identification of training needs for further improvement".

#### **Constituents of Performance Counseling:**

The process of counseling involves 3 main sub processes:

### **i) Communication:**

It refers to the interaction between the superior and the subordinate. It may be the conversation in setting the goals of the department or individual goals. It may also include the discussion during performance review or appraisal feedback.

While communicating to a person or an employee it should be kept in mind that an individual perceives every problem or an issue differently. So, in order to make communication complete it should be clearly understood by the recipient. People speak much more from their body gestures than words, which is a very important part of communication.

Hearing and listening are two different types of communication, which have varying degree of attentiveness. Listening to feelings and concerns is very important for effective counseling. No process is complete without feedback. Similarly, a communication process also involves feedback to know what the other person has understood.

### **ii) Influencing:**

It means to make impact on a person in a relationship. This plays an important role in counseling too. Flanders (1970) makes distinction between two modes of influences, one called as direct mode of influence and the other as indirect mode of influence. The direct mode of influence means restricting the freedom of others like criticism or punishment while indirect mode of influence means to give more freedom to others like praise or recognition.

Some behavioral scientists say that change in a person can be brought through positive reinforcement and not negative reinforcement. Influencing would involve providing encouragement and reinforcing success so that a person can take initiatives and experiment with his new ideas.

### **iii) Helping:**

In order to help or support a person one should know the need of an individual. A boss who shows concern for his employees can gain their support. The main purpose of performance counseling is to feel for the subordinate and empathies with him. Without such genuine concern, counseling may only degenerate into a ritual or fruitless exercise.

## **Process:**

### **(i) Rapport Building:**

This is essential to make a counseling period effective, it involves generating confidence in an employee so that he opens up and shares his perceptions, feelings, experiences and problems. This is like an initial phase of an interview. Firstly, the counselor should make the person feel comfortable by offering a chair, asking the secretary not to disturb, asking for the employee's choice for tea or coffee etc.

This makes the employee relaxed. This is also called as creating an acceptable climate. The employee starts feeling that he/she is an important person and the counselor is paying attention to understand him/her.

### **(ii) Listening with Intelligence and Understanding:**

Listening is an important part of counseling. Some special body gestures like maintaining eye contact during conversation, leaning forward etc., communicate that the person is interested in listening or willing to participate in the communication process. The counselor listens to the employee problems patiently. Here the counselor need to revert back and make the employee feel that he has been understood in the same way as desired.

Eg- A person says, "Efforts carry no worth in this organization.", "You do but no rewards". This shows that the employee is angry. Now the counselor should communicate this back to the employee by repeating the lines or asking a question like, Do you mean to say that in spite of lot of efforts people do not get what they deserve? Such a mirroring would help the employee to feel that he has been understood in the right way.

**(iii) Avoid being Judgmental:**

A counseling session helps people to understand better but not to criticize them or tell them that what they have done was literally wrong. This makes people defensive and non receptive. Then the communication ends up being a wasteful exercise.

**(iv) Define the Problem:**

It means to identify the actual problem. A counselor should encourage the employee to define the problem for himself with sympathetic listening and careful questions.

**(v) Plan the Action:**

A counseling session should end up with a specific plan for the development of an employee i.e., identification of training need, job rotation, increased responsibility, etc. While planning the future course of action the counselor should encourage the counselee to generate more ideas by brainstorming. After the generation of these alternatives the best one should be selected by assessing the advantages and disadvantages of the various options.

**(vi) Stay Alert:**

The meeting ought to be planned and it should be decided how to tackle the cases and change the direction in the light of new ideas and information.

**(vii) Conclude the Meeting:**

A counselor should help out the employee in deriving a solution to the problem. The solution should be realistic which has practical feasibility. This can be initiated by raising questions like, "What do you think is the best way to deal with situation?"

**Conditions for effective performance counselling:**

The main objective of performance counselling is to help the employee to overcome his weaknesses and to reinforce his strengths. It is a developmental process where the supervisor and the subordinate discuss the past performance with a view to help the subordinate to improve and become more effective in future.

Counselling provides an opportunity to the supervisor to give feedback to the subordinate on the performance and performance related behavior. Counselling is forward looking, concentrates on future and what needs to be done.

The conditions for effective performance counselling are:

- A climate of openness and trust is necessary. When people are tense and hostile, attempts should be made to counsel and help rather than be critical.
- The counselor should be tactful and helpful rather than critical and fault finding.
- The subordinate should feel comfortable to participate without any hesitation or inhibition.
- The focus should be on the work-related problems and difficulties rather than personality or individuals likes, dislikes or idiosyncrasies.
- It should be devoid of all discussions on salary, reward and punishment. Any discussion on compensation changes the focus from performance improvement to the relationship between performance and reward.

### **Need Identification for Training and Development:**

Training is teaching, or developing in oneself or others, any skills and knowledge or fitness that relate to specific useful competencies. Training has specific goals of improving one's capability, Development is a process that creates growth, progress, positive change or the addition of physical, economic, environmental, social and demographic components

Definition:

“Training Need Assessment (identification) is the systematic effort that we make to gather opinions and ideas from a variety of sources on performance problems or new systems and technologies”.

--Allison Rossett: 1987-

### **Objectives of TNI**

- To determine whether training is needed.
- To determine causes of poor performance.
- To determine desired training and development outcomes.
- To provide basis of measurement.
- To gain management support.

### **Process:**

- Problem Identification: Firstly the problem or problem areas need to be identified for appropriate training intervention.
- Design of needs analysis: The design of the needs analysis is to be determined in order to identify appropriate method for training and development intervention.
- Data collection of needs: This step pertains to collecting data of training and development needs.
- Data analysis: After collection of data, it needs to be carefully analyzed. Quantitative & qualitative analysis are undertaken to interpret the raw data.
- Providing feedback: Feedback should be provided to the management either through a written or through oral presentation.
- Developing action plan: here, an action plan is developed to meet the identified needs of training and development of employees.

### **Tools/ Methods for identifying training and development needs:**

1. Documentation review: various workplace process and inspection reports can be examined to determine problems faced in workplace, which has bearing, and needs.
2. Specific analysis: various investigation reports of external agencies such as buyers, statutory authorities and job and task analyses may be examined for their specific relevance to the problem in question.
3. Observation: Observation of work samples of supervisors, workers and others be used to assess attitudes and perceived problem areas.

4. Surveys: Surveys are usually in the form of a questionnaire.
5. Interviews: Interviews may be formal or informal.
6. Suggestion box: A suggestion box is a very basic needs assessment tool.
7. Meetings, reports, newsletters: Attending meetings, and reading the organizational news letter can be useful to find out about new programs and services, and new directions the organization is taking, in order to anticipate the need for collecting certain subject areas.
8. CQI/ TQM process: Any of the aforementioned tools may be used in the continuous quality improvement process to uncover areas in need of improvement and to measure progress toward improvement.

## **7 steps for identifying the training needs of your employees**

### **1.Set clear expectations**

To identify training needs, you first need to set clear expectations for each role within your business. In order to monitor performance effectively you need something to measure against. Review job descriptions when new positions are created, or when making any substantial changes to existing roles, as well as periodically to account for smaller changes.

### **2. Monitor performance**

Measuring and monitoring performance should be embraced as a means to support employees (not penalise them) and can be a valuable tool to help you identify opportunities for development.

Set clear goals for employees and respond to performance blips on an individual basis. Understanding why performance is off kilter puts you in a better position to respond positively and offer appropriate training.

### **3. Ask away**

Now this may seem obvious, but gathering feedback from your employees is a great place to start. And we're not talking about traditional employee surveys here - they tended to focus more around business productivity as a whole, rather than individual staff needs. Instead, use focused employee evaluation to encourage honest and open feedback. This will create helpful dialogue about career development and enable you to identify specific training requirements. Regular one-to-ones or performance reviews are a great way to have an open conversation and give honest feedback.

### **4. Analysis**

An analysis of your business' strategies and goals, as well as an analysis of tasks being performed to achieve those goals should help to identify training needs that are specific to each team and job. Tapping into what's going on under the surface will help you spot where training is needed.

### **5. Set up personal development plans**

Giving employees the opportunity to work on personal development can have a profound effect on their motivation and how much they feel invested in your business. Setting up personal development plans that you review on a regular basis improves communication and will also help you to identify any relevant work-related training needs.

### **6.Set up a focus group**

Focus groups are a useful starting point in identifying training needs within your business. A focus group looks at a cross- section of employees within the business under the guidance of an expert facilitator. This

is a useful way of gathering employees' views and opinions about current training and how to improve what is on offer. Focus groups also help to demonstrate that you are genuinely interested in your employees' opinions.

### **7.Set up a system of mentoring and coaching**

Closely aligning staff with a mentor will help to develop skills, and in the process identify any additional training and development needs. Mentoring programmes are a great way of helping employees succeed in their careers.

#### **REWARD:**

Something that is given in return for good or evil done or received or that is offered or given for some service or attainment.

### **DESIGNING A REWARD PROGRAM**

The keys to developing a reward program are as follows:

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

Following are the common methods of rewards that can be found in modern business organizations.

- **Basic Pay**

Pay is an essential factor, which is closely related to job satisfaction and motivation. Although pay may not be a reward as this is a static amount, which an employee will be paid every month, it will be considered as a reward if similar work is paid less.

- Additional Hour's Rewards

This is similar to that of overtime. However, it is paid to employees if they put in an extra hour of work for working at unsocial hours or for working long hours on top of overtime hours.

- **Commission**

Many organizations pay commission to sales staff based on the sales that they have generated. The commission is based on the number of successful sales and the total business revenue that they have made. This is a popular method of incentive.

- **Bonuses**

Bonuses will be paid to employees, who meet their targets and objectives. This is aimed at employees to improve their performance and to work harder.

- Performance Related Pay

This is typically paid to employees, who have met or exceeded their targets and objectives. This method of reward can be measured at either team or department level.

- **Profits Related Pay**

Profits related pay is associated with if an organization is incurring a profit situation. If the organization is getting more than the expected profits, then employees receive an additional amount of money that has been defined as a variable component of the salary.

- **Payment by Results**

This is very similar to that of profit related pay. This reward is based on the number of sales and total revenue generated by the organization.

- **Piece Rate Reward**

Piece rate reward is directly related to output. The employees get paid on the number of 'pieces' that they have produced. These pieces will be closely inspected to make sure that quality standards are being met.

### **Recognition:**

Employee recognition is the open acknowledgment and expressed appreciation for employees' contributions to their organization.

### **Importance:**

A well-implemented employee recognition program has the power to impact many aspects of a business including engagement, turnover, productivity, morale, and purpose. A non-existent, unintuitive, or poorly-implemented employee recognition program can have the opposite effect, decreasing motivation and even pushing good employees away.

Types:

- **Job Enrichment**

This is a common type of recognition that is aimed at employees to get motivated. Job enrichment allows more challenging tasks to be included in the day-to-day tasks performed by the employee. Working the same way everyday may prove to be monotonous to the employees. Therefore, there will be a lack of interest and the performance drops.

- **Job Rotation**

Unlike job enrichment, job rotation refers to shifting employees between different functions. This will give them more experience and a sense of achievement.

- **Teamwork**

Teamwork is also considered as recognition. Creating teamwork between team members will improve performance at work. Social relationships at work are essential for any organization. Healthy social relationships are considered as recognition to the employees. This improves their morale and performance.

- **Empowerment**

Empowerment refers to when employees are given authority to make certain decisions. This decision making authority is restricted only to the day-to-day tasks. By giving employees authority and power can lead to wrong decisions to be made which will cost the company. Empowerment will not relate to day-to-day functioning authority. This will make employees more responsible, vigilant and increase their performance.

- **Training**

Many organizations place a greater emphasis on training. This is considered as recognition for employees. Training could vary from on the job training to personal development training. Training workshops such as train the trainer or how to become a manager will give employees a chance to switch job roles and this will increase their motivation levels.

- **Awards**

This again is an important type of recognition that is given to employees, who perform better. Organizations have introduced award systems such as best performer of the month, etc., and all these will lead employees to perform better.

- **Written praise**

Writing thank-you notes can not only show appreciation, but is tangible proof of an employee's contributions. Written praise is a flexible method of recognition and notes of praise are almost universally appreciated, whether written or sent as electronic communication.

- **Verbal praise**

Verbal praise is perhaps the oldest, and longest-standing form of peer-to-peer recognition in the workplace. Verbal praise is given by colleagues, generally in an ad-hoc fashion, in recognition of a staff member's valuable contribution. Although nearly always informal in nature, verbal praise is occasionally solicited as part of a formal staff recognition program.

When:

1. Events:

### **Employee's first day**

Should you recognize employees before they even start working? We think yes. Besides, we think the stressful process of interviewing, negotiating, and making it through first days or weeks definitely deserves some kudos! The benefits here are twofold: new employees feel welcomed into the fold right away, and existing employees are able to break the ice immediately.

### **Birthdays**

Birthdays are a special occasion for a majority of people. If you're in a 9-5 job, chances are employees will be spending a good amount of that special day in the office. While everyone has different preferences around the level of attention they'd like to receive, it's not a bad idea to show them that they are recognized and valued.

### **Employee Appreciation Day**

Employee Appreciation Day is a semi-formal holiday founded by Bob Nelson, a founding board member of Recognition Professional International. Over the past 20 years, other companies have embraced the unofficial holiday, paying homage to their employees on the first Friday of March.

As a low-key "holiday," Employee Appreciation Day is a great opportunity to recognize employees without the pressure of annual or quarterly reviews. Celebrate Employee Appreciation Day with small company-funded events like barbecues, office parties, or with fun decorations!



## 2. Milestones

### **Work anniversaries**

Work anniversaries are one of the most common uses of modern employee recognition, but they're often poorly executed.

A work anniversary should represent another year of a job well done, and should be meaningfully recognized. It's a great opportunity to thank the employee for the specific impact they've made over the past 12 months and over the course of their career. But don't just say, "You've made a big impact this year." Explain exactly what the impact was, why it matters, and how crucial their work is to the team, the organization, and the people it serves.

### **Project completion**

It's always a weight off the shoulders when a project is completed, launched, or published, so this is also a great time to recognize all the work that went into the process. Be sure to recognize team members in a timely manner—recognition has much more impact in the moment than when it's delayed.

### **Year end**

A year end or annual bonus is financial compensation given to employees in addition to their base pay. Annual bonuses are given once per year, usually at the end of the fourth business quarter. They can be given for a multitude of reasons, but are usually based on goals, either the performance of the organization, the individual, or both. Depending on the organization or industry, annual bonuses are sometimes expected as part of an employee's total compensation package.

### **Quarterly review**

Quarterly bonuses are similar to annual bonuses, but are metered out more frequently, on a per business quarter basis. Quarterly bonuses are most commonly given as part of a heavily performance-based compensation model. Sales organizations or teams are common users of the quarterly bonus structure.

### **Team Performance:**

"Teams" are two or more people who coordinate their activities to accomplish a common goal. Teams are a way of organizing people to support inter-dependence and cooperation that requires close coordination among the team members. Team performance includes both the outputs produced by the group or team as a whole, as well as the contribution of individual team members to the success of the team.

### **Building a Collaborative Team Environment**

Teams are expected to produce results, but performance is hindered when team members do not work well together. A collaborative team environment is essential for the team's success. To create a collaborative environment, team members must practice the following:

Have a Common Purpose and Goal

A team is defined as a group of people working together toward a common goal. Without a goal, there is no team. Ideas for creating a common goal include:

- Create and/or review the team's charter.
- Discuss why the team exists.
- Allow each team member to express commitment.
- Create mottoes, symbols, awards, or posters that portray the team as one unit.
- Use the common purpose to prioritize team actions.

Trust Each Other: Team members must trust each other if they are to work together successfully. Ideas for creating trust among team members include:

- Be honest.
- Work to eliminate conflicts of interests.
- Avoid talking behind each other's back.
- Trust teammates (you must trust them before they will trust you).
- Give team members the benefit of the doubt.

Clarify Roles: Knowing everyone's role and being familiar with the responsibility of those roles create efficiency and flexibility. Ideas for clarifying roles on the team include:

- Review team members' roles frequently.
- Relate team member expectations to the team's overall purpose.
- Clarify responsibilities when action planning.
- Learn what others do on the team.
- Figure out ways to help each other.

Communicate openly and effectively: Miscommunication can create hard feelings and undermine the success of the team. Ideas for improving communication include:

- Err on the side of over communicating.
- Seek to understand all angles.
- Take responsibility for being heard and understood.
- Work to clear up misunderstandings quickly and accurately.
- Reinforce and recognize team member efforts.

Appreciate Diversity: Team members come from all walks of life, with different backgrounds and perspectives. Ideas for taking advantage of team diversity include:

- Remember that reasonable people can and do differ with each other.
- Try to learn as much as you can from others.
- Evaluate a new idea based on its merits.
- Avoid remarks that draw negative attention to a person's unique characteristics.
- Don't ignore the differences among team members.

## **Performance management practices:**

### **1. Agile Goal Setting and the Use of OKRs**

We all know that goals set the foundation for performance management. What is often overlooked, however, is the fact that long-term objectives can easily be broken down into segmented, attainable steps (also known as key results). When they do, they become a more relevant and powerful tool for employees and managers alike. Specific and measurable, but with the flexibility to evolve over time, objectives and key results (i.e., “OKRs”) make it much easier for all parties involved to track ongoing progress.

Ideally, OKRs should be agreed upon through an open dialogue that continues over time. The right talent management software facilitates this process by providing employees and managers with a digital platform to revise agile goals on an ongoing basis (i.e., evaluate, put on hold, reactivate, etc.), as well as give and receive feedback in real-time. Automation can also be leveraged to request feedback from collaborators upon completion of a goal.

### **2. Ongoing Development Conversations**

Regularly scheduled conversations provide a great opportunity for employees and managers to discuss performance-to-date, as well as how to better achieve goals that have been set. These check-ins shouldn't feel like interrogations, but rather empowering and collaborative conversations. Performance and development are being built and evaluated by both parties, and the tone and atmosphere should reflect this.

### **3. Continuous 360 Feedback**

“Anytime, anywhere, anyone” is the premise with this best practice. Ongoing feedback helps employees better understand what's expected of them, as well as builds trust between employees and managers. When managers provide continuous feedback (instead of on an annual basis), their employees are 3.2x more likely to feel motivated to do outstanding work. Importantly, feedback shouldn't be a one-way street focused on top-down evaluation. On the contrary, feedback should be presented through a 360-degree, holistic lens.

This is a whole new approach, one which can inherently be difficult for some employees. And yet, with an easy-to-use performance management system that encourages peer collaboration, employers can easily remove common feedback barriers and build the dialogue necessary for a successful two-way relationship. The feedback process can be entirely customized according to company policy and culture, with tweakable options for question types, visibility and frequency.

### **4. Social Recognition of Performance**

By celebrating achievements publicly, employees are more likely to feel valued and recognized for their work. In fact, in a recent Gallup survey, public recognition was identified as the most memorable method (over monetary recognition). The “public” nature of this type of praise goes a long way in strengthening the behaviors that digital age organizations value.

### **5. Involve Employees in the Performance Management Design Process**

For performance management processes to be effective and engaging, they must be viewed by employees as a worthwhile endeavor. This means that organizations must take their employees' opinions into account. Asking for employee help in co-creating this experience is the best way to drive employee engagement.

## **Potential appraisal**

The potential appraisal refers to the appraisal involving identification of the hidden talents and skills of a person. The person might or might not be aware of them.

Potential appraisal is a future-oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy.

Many organizations consider and use potential appraisal as a part of the performance appraisal processes. Potential appraising is different from appraising performance.

“People are like icebergs. What you see above the surface (performance) is only a small part. A large part of the attributes needed to perform excellently in a future job, which I call potential, is not immediately visible. It is hidden below surface.”

Potential appraisal is concerned with unfolding these hidden attributes. These attributes may be in the form of analytical power, creative imagination, sense of reality, ability to see future, ability to work in varied environment, risk propensity, initiative, being proactive, passion for high achievement, problem-solving and decision-making skills, and so on.

### **Example:**

A good salesman need not be a good manager in the sales function since the job of a sales manager requires managerial qualities apart from selling skills.

Potential appraisal aims at identifying and assessing the capabilities of an individual to perform higher level of functions or responsibilities. It forms the basis for decisions associated with the promotions and succession planning.

In potential appraisal, attributes like velocity (speed and direction in which the employee is progressing), people and customer (listening skills, interpersonal relationship) orientation, focus on results, initiative etc. are assessed.

## **Potential Appraisal – 4 Main Mechanisms:**

Potential appraisal presupposes the existence of clear-cut ‘job or role descriptions’ and ‘job or role specifications’, i.e., qualities needed to perform the role. The mechanisms that could be used for potential appraisal are discussed below:

**(i) Rating by Superior** – The potential of a candidate could be rated by the immediate supervisor who is acquainted with the candidate’s work and also his technical capabilities.

**(ii) Psychological Tests** – Managerial and behavioural dimensions can be measured through a battery of psychological tests.

**(iii) Games** – Simulation games and exercises (assessment centre, business games, in-basket, role play, etc.) could be used to uncover the potential of the candidate.

**(iv) Performance Records** – Performance records and ratings of the candidate on his previous jobs could be examined carefully on various dimensions such as initiative, creativity, risk-taking ability, etc., which might play a key role in discharging his duties in a new job.