



PERFORMANCE MANAGEMENT

MODULE-2

Process of Performance Management



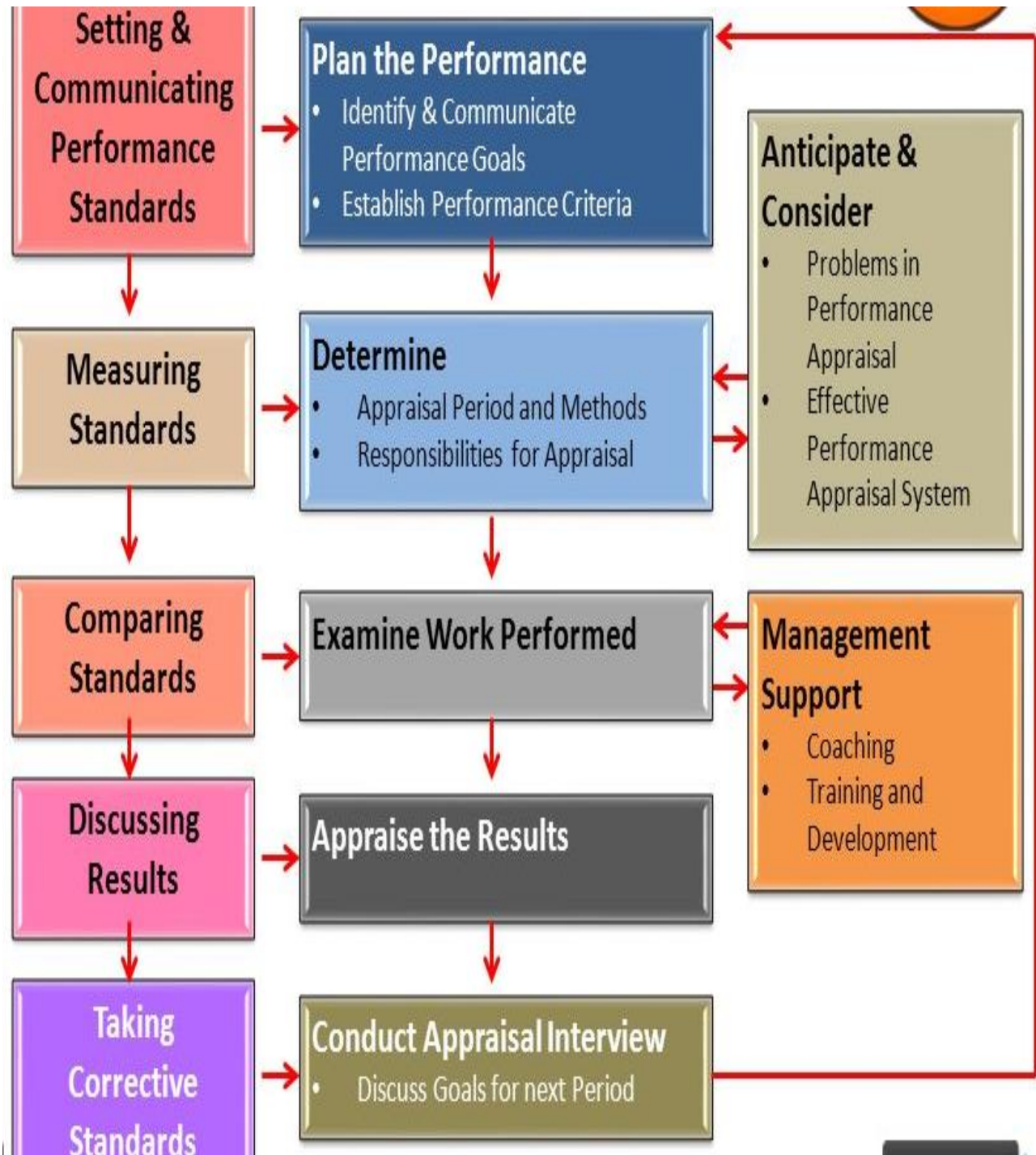
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Performance Management Process

- The performance management process is a collaborative, communication-based process where employees and management work together to plan, monitor and review the employee's objectives, long-term goals, job trajectory and comprehensive contribution to the company.
- This process is continual, with regular sessions where both management and employees have the opportunity to give and receive feedback.
- According to the Gallup State of the American Workplace study, only 22% of employees are engaged and thriving. Employees who are engaged and thriving are more likely to maintain strong work performance, even during difficult times. This also means that 78% of the workforce could do better work if only their organization had the right type of management process.
- Some reasons cited in this study for lack of motivation are seeing less deserving employees receive promotions, lack of actionable feedback, and management not involving employees in goal setting. All of these taken together show the importance of the performance management process, and why each part of it must be done well for the process as a whole to succeed.
- The performance management process, when done correctly, is designed to fix those problems in the workplace, setting employees up for success in achieving both their goals and overall company objectives.





Performance Management Cycle

- The performance management cycle is a model that allows management and employees to better achieve organizational goals through a structured process of employee development.
- The performance management cycle is a part of the performance management process or strategy; it is shorter and utilizes a continuous four-step procedure of planning, monitoring, reviewing and rewarding.
- Benefits of utilizing this method include increased competitiveness, more structural flexibility, and higher employee motivation.

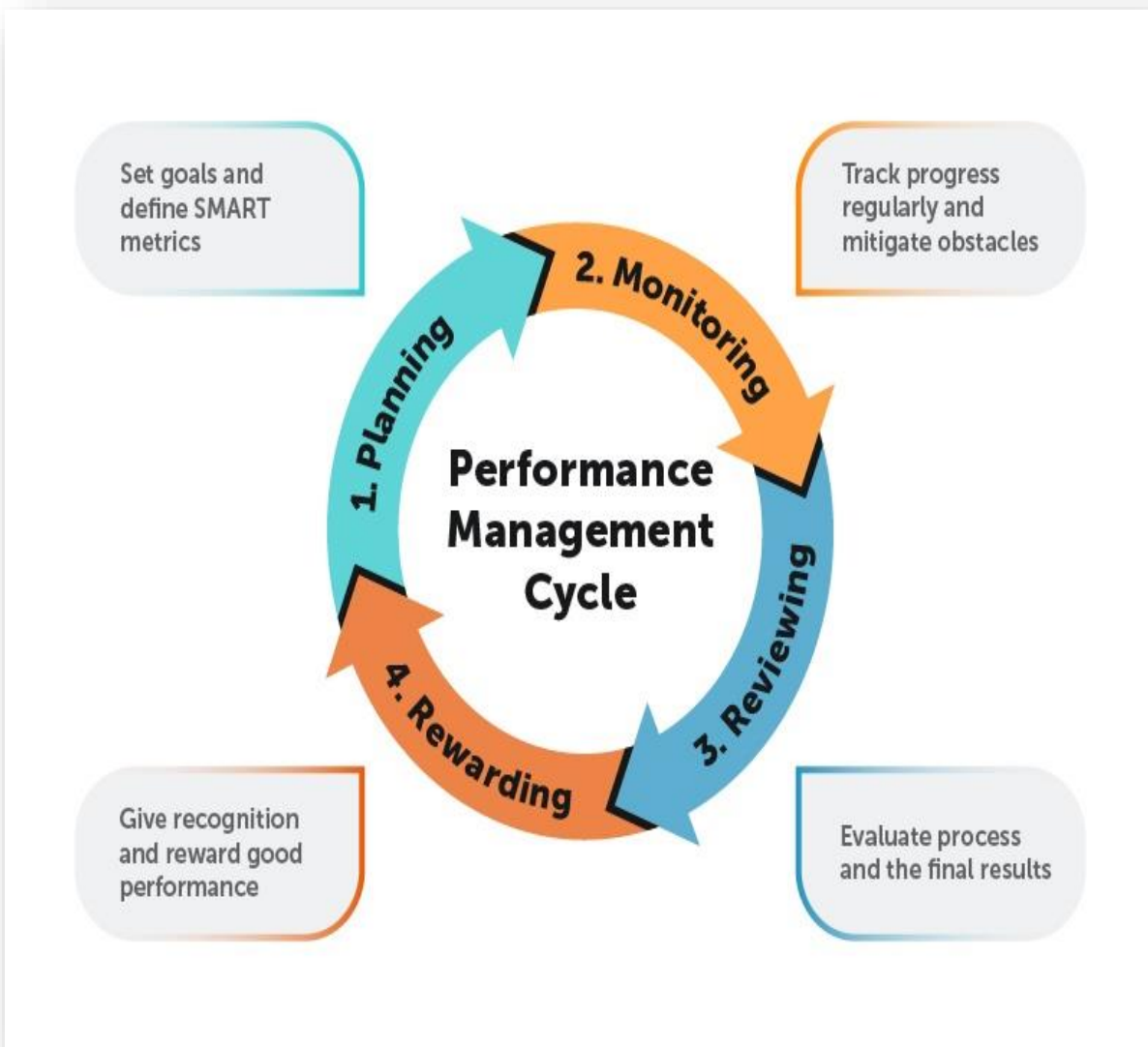
The performance management cycle definition encompasses four main stages:

1. **Planning**
2. **Monitoring**
3. **Reviewing**
4. **Rewarding**

- The model traditionally runs on a year-long timeline, ending with a performance review, although various organizations have found that more frequent check-ins will improve employee performance.
- One of the benefits of integrating a proper performance management cycle plan is an employee who is more aligned with the goals of the organization, who understands both their own objectives and the larger objectives of the organization and has a solid roadmap that will help them achieve their objectives.

Stages of the performance management cycle

- Let's take a closer look at each stage of the performance management cycle.





1. Planning

- In the planning stage, the groundwork for success is laid down. Before management talks to the employee, the management team should meet and decide the organization's goals and objectives for the year.
- This involves the overall strategy for the business, but also the personal objectives for all employees and teams, including development goals, specific tasks, targets, actions and behaviors.
- Without that crucial information, any planning with employees will not be effective.
- Once the management team knows the details of what they want the employee to achieve, it is time to meet with the employee and make a strategic plan for the year.
- This should be a collaborative process, as an employee who understands why they are being set specific goals and tasks is more likely to be invested in succeeding at them.
- In this meeting, the goals should be clearly outlined using the S.M.A.R.T. method.
- SMART goals are:
 - **Specific** - The goal is clearly outlined, with detailed information such as what is to be achieved, how well it must be done, and why it is important.
 - **Measurable** - The goal must have a definite and measurable indicator to tell if it has been achieved.
 - **Achievable** - While the goal should stretch the employee, it should not be so lofty as to not be realistically achievable at all.
 - **Relevant** - The goal is in line with both the employee's job and the overall goals of the organization.
 - **Time-bound** - There should be a definite timeline as to when this goal should be completed.



- Each of the employee goals set should align with the organization's goals, and contribute to achieving them. Making sure that those goals align will ensure a cohesive overall strategy.
- In setting these goals, management can also put in place an [employee development](#) plan.
- In the beginning stage of the performance management cycle, management gets an opportunity to identify areas of training and development in which an employee needs to strengthen and set goals that will achieve that.
- [Creating an employee development plan](#) will demonstrate that management is actively working with the employee to assist them in becoming a more skilled and valuable player in the organization.

2. Monitoring

- In the performance management cycle model, monitoring is a key function in achieving the goals set out in the planning stage.
- Organizational goals can also shift during the year, and more frequent meetings can allow for new goals to be introduced that align more properly with organizational objectives.

3. Reviewing

- At the end of the year, the management and the employee meet to review the previous year and see if goals were met.
- This is another opportunity to build collaboration with the employee. The more involved they are in the other stages of the performance management cycle, the more motivation they will have to continue working diligently to achieve their goals and those of the organization.
- If proper monitoring was done, the management will have already have a good idea of how well the employee did during the year. The review is a chance for management and employees to evaluate both the final result and the process itself.



- This evaluation should include questions such as:
 - Was the original goal realistic?
 - Was the goal in line with the organization's objectives?
 - Did the employee gain useful experience or skills?
 - How well did the employee complete their tasks?
 - Did the organization offer the proper support to achieve the goal?
 - In what ways could future goals be set differently to ensure success?
 - What aspects of this process could be streamlined or improved?
- The employee can present their perspective on how well they did during the year and receive [feedback](#) from the management team on how well they met or exceeded their goals. If there have been performance issues during the year, this is where they can be brought up. It is recommended that if issues are being discussed, possible solutions are also presented.
- This is also a space in which future development opportunities can be discussed, as well as bonuses or compensation increases.

4. Rewarding

- The final stage of the performance management cycle plan is the reward. This is a stage that cannot be overlooked, as it is the one that is the most important for employee motivation.
- Employees who do not receive a proper reward after a year of striving to meet organizational goals, and succeeding in doing so, will lose motivation for the next year. They might lose faith in their organization, feel that their talents are not appreciated, and begin searching for another job.
- When management fairly rewards employees and gives them recognition for their efforts, they are ensuring that those employees will continue to work hard to achieve organizational goals.



- These rewards should be merit-based. Employees will recognize who amongst them has put in the effort, and if they see colleagues rewarded without cause, they could lose motivation. Conversely, when employees see a high-performer get a handsome reward, it demonstrates the value in putting in that extra effort.
- Some rewards that might be offered are:
 - An increase in compensation
 - A one-time bonus
 - Increased vacation time
 - Special projects
 - A promotion
 - A positive written review
 - Company-wide acknowledgment
- After the reward stage of the performance management cycle model, the management team and the employee can choose to meet one final time, to review the cycle as a whole. This is a chance to bring up any issues that might have arisen, and begin talks about the next year's goals.
- Then the cycle begins anew.

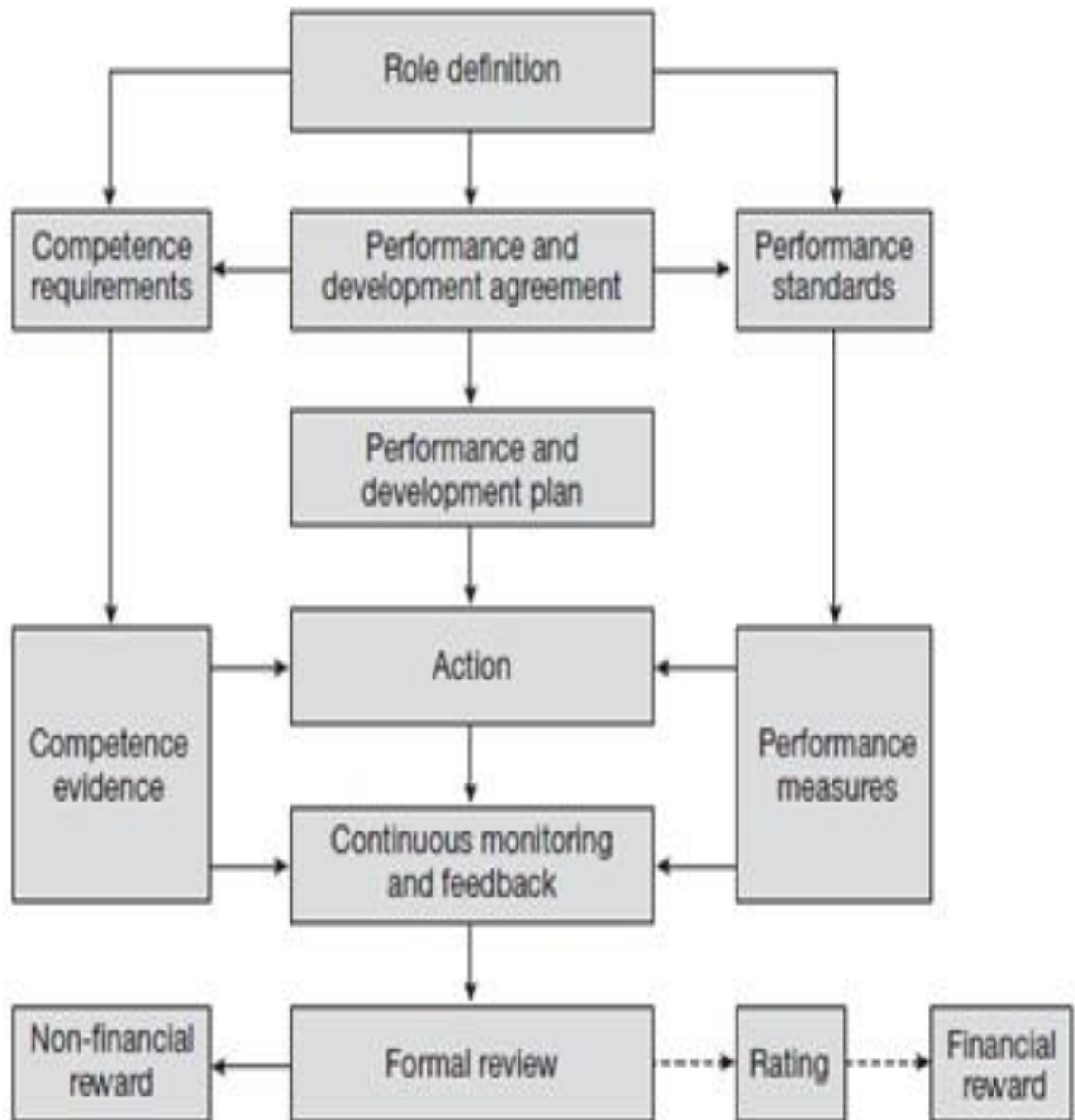


Why is the performance management cycle important in business?

- By developing the performance management cycle plan example as described above, an organization can maximize the output of their employees, ensure that organizational goals are being driven forward and concretely track the performance of each employee.
- In following the performance management cycle model, an organization can also continually revisit its own structural goals, which allows for a quicker response to changing market forces. This flexibility means increased competitiveness.
- Employees also benefit from the performance management cycle plan.
- Through collaboration with and support from their management team, they see that they are a valued member of a team. Their skills are being developed and used in meaningful ways, and there is a reward for hard work.
- All of those are factors in job satisfaction and will improve employee retention.

Performance Management Sequence

- The sequence of processes carried out in this cycle and the likely outcomes are illustrated in the following figure –

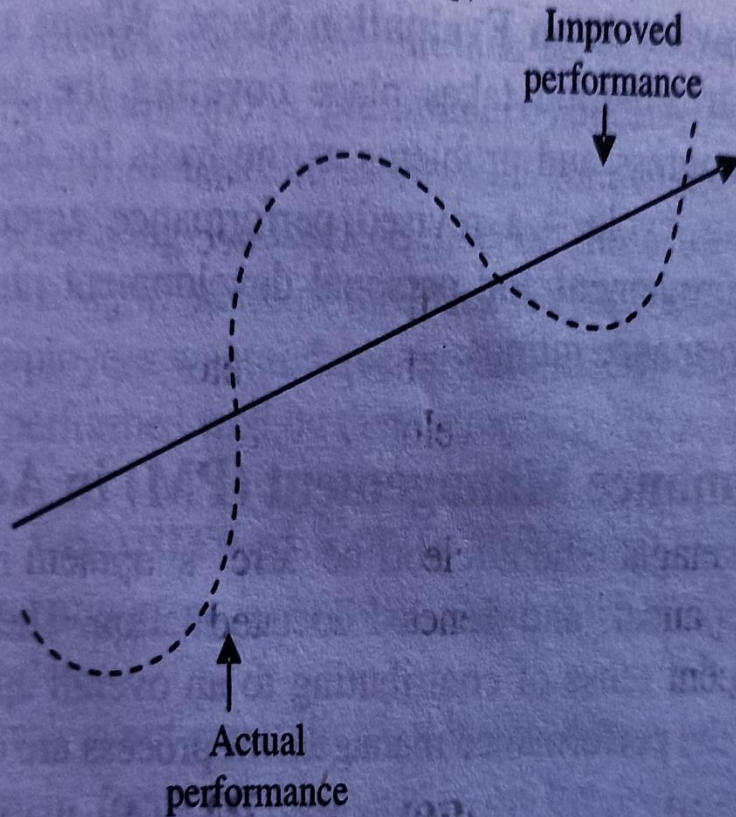




Working of Performance Management

- Performance management is a corporate management tool that helps managers monitor and evaluate employees' work. Performance management's goal is to create an environment where people can perform to the best of their abilities and produce the highest-quality work most efficiently and effectively.
- Performance management tools help people to perform to the best of their abilities and produce the highest-quality work most efficiently and effectively.
- The precept of performance management is to view individuals in the context of the broader workplace system.
- Performance management focuses on accountability and transparency and fosters a clear understanding of expectations.

High Performance – Reinforce through recognition (financial and non-financial, praise, additional responsibility).



Low Performance – Coaching, counselling

Start Year	During Year	End Year
Performance agreement	Monitoring and review against performance agreement	Main performance review



Performance Management Activities

Let us now discuss the activities that take place in performance management. The main activities are –

1. **Role definition** in which the key result areas and competence requirements are agreed.
2. **The performance agreement, which defines expectations** – what individuals have to achieve in the form of objectives, how performance will be measured and the competences needed to deliver the required results.
3. **The performance improvement plan**, which specifies what individuals, should do to improve their performance when necessary.
4. **The personal development plan**, which sets out the actions people should take to develop their knowledge and skills and increase their levels of competence.
5. **Managing performance throughout the year**, when action is taken to implement the performance agreement and performance improvement and personal development plans as individuals carry on with their day-to-day work and their planned learning activities. It includes a continuous process of providing feedback on performance, conducting informal progress reviews, updated objectives and, where necessary, dealing with performance problems.



6. **Performance review is an evaluation stage**, where a review of performance over a period takes place covering the aspects like achievements, progress and problems as the basis for the next part of the continuous cycle – a revised performance agreement and performance improvement and personal development plans. It can also lead to performance ratings.



Performance Management in Action

- Performance management should not be like a system based on periodical formal appraisals and detailed documentation.
- The activities should be logical in the sense of contributing to an overall approach in which all aspects of the performance management process are designed.
- Thus, in every organization there is a need to declare why performance management is important, how it works and how people will be affected by it. The declaration should have the visible and continuous support of top management and should emphasize to develop a high-performance culture and integrate organizational and individual goals.
- Performance management recognizes the fact that we all create the view of the people who work for the organization and it also makes sense to express that view explicitly against a framework of reference.



Feedback Management in PM

Define Performance Feedback

Performance feedback is a communications process. It should be ongoing meaning as adjustments are made based on the information exchanged between manager and team member. There should be regular follow up dialogue to determine success. Feedback is designed to note where things are going right and where they are going wrong. This means that leaders may need to be patient as new habits get developed and the learning curves for new skills are overcome.

Performance feedback is useless unless business leaders have standards for performance, meaning they should have expectations of reasonable achievement. For example, a car dealership may set the standard as 10 sales per month. An accounting office might set the standard of meeting with three clients per day. Without these standards, a manager is unable to take a baseline level of productivity and make adjustments.

When it comes to adjustments, leaders need to get the feedback from the team member before they can provide new goals and tasks for improvement. The employee unable to meet 10 car sales per month might be struggling because he is not getting scheduled for the prime sales periods. In most cases, the only way a manager can provide effective feedback is to be among the team. A sports coach can't provide productive feedback without seeing a player do his job. The feedback from the team member is as important as the feedback the manager provides. In fact, it is how the manager is able to fully understand the situation and make the right adjustment rather than just guess and what might solve a problem.



How Feedback Improves Performance

Every athlete uses performance feedback to improve performance. This area of study has expanded how athletes use coaches, camera recordings, bio-feedback and other tools to get the right feedback. A tennis player and his coach might use a tracker implanted in his racket to get swing speeds while hitting a ball. This information is then used with statistics of accuracy and the coaches experience in seeing the small details in a swing that affect performance. The ultimate goal is to improve accuracy and consistency to win more matches.

The feedback definition in management is not very different. The goal of performance feedback is to improve skills and generate more revenues. When a team member gets feedback on how his word choices may negatively affect customers with new ideas on how to convey the same message, he is put in a position to make more customers happy. Ironically, the change will probably reduce consistent conflict he experiences with customers improving his overall job satisfaction.

It's hard to change something if you are unaware of what you are doing wrong. This is most true with behavioral adjustments but holds true for detail-oriented tasks and processes as well. Someone who is taking too long to complete a client intake form might not realize a very simple trick on his keyboard that toggles him from screen to screen saving him minutes per intake form. The old adage, "You don't know what you don't know," is resolved with performance feedback. People learn what gaps they have and are able to adjust saving time, money and often frustration.



Examples of Feedback

Performance feedback can cover any area of business operations. Think about the job duties of any one employee and you will be able to determine the performance feedback metrics for that person.

Quality of Work:

This is a fundamental responsibility that employees need to get right. If someone's job is to complete a client's tax return and it is riddled with errors, this is a problem for the company and the client. If this is a regular problem, it needs to be addressed. Feedback would include rating the quality of work, perhaps on a scale of one to five and noting the good and the bad to include regular mistakes.

Work Habits:

This is an area of performance feedback that doesn't always seem like it affects performance but it does. Being on time, dependable and organized seems like arbitrary performance items. But if someone isn't at work, they are unable to help customers and other employees get burdened with additional duties. A person who isn't organized might spend an extra 10 minutes looking for a report thus arrive late to a meeting creating a negative tone from the start.

Service Habits:

These habits affect how the outside views the competence of your company and a desire to want to work with you. If an employee is not returning phone calls, rude or passes the buck to others, customers will have a negative experience and it will also strain employee relationships. Feedback in this area would include creating systems to make time for service issues and training on communication skills.



Team Skills:

Some people work better in groups than others. There are those who get huge levels of anxiety leaving the safety of their cubicles. Helping your team understand how to work with each other, to help each other and support each other is critical to preventing miscommunication or production slow-downs. If someone with a strong personality is constantly criticizing the person who is very introverted, your feedback may revolve around communication skills and inclusion ideas. By bringing the two parties together with less anxiety, productivity can improve for both.

When a manager sees a problematic area in any part of the organization, it behooves him to start the conversation and get employee input to develop a performance feedback action plan.

Types of Performance Feedback

Formal Feedback

- formal feedback gathering sessions can take place on a monthly, quarterly or annual review cycle.
- generally consists of a documented discussion between a supervisor and an employee.

Informal Feedback

- it often consists of conversations between the evaluator and the employee.
- peers can provide informal feedback in the form of peer rewards or verbal acknowledgement.

Positive Feedback

- such feedbacks are always focussed on building the strengths of an individual.
- can be provided to an individual from a manager in a formal way.

Negative Feedback

- it can be used to inform an individual about his shortcomings in the performance in guiding him how to improve performance.
- irrespective of the intentionality of behavior of an employee the manager has the right to provide negative feedback.

Process of Performance Feedback

- When a manager helps other employees to learn and improve with the help of appraisal and communication, the process of feedback is limited.
- The four elements which are included in the process of performance feedback are as follows:



Importance of Performance Feedback

1. Improves Performance
2. Promotes Professional and Personal Growth
3. Boosts Employee Morale
4. Creates and Sustains Communication

Performance Counselling



- Performance Counseling is very important for employees to know the level of their performance and the area in which they need to improve.
- Performance counseling is a very useful activity provided both the counselor and the counselee take it in the right spirit.
- It helps the employee as well as the organization to identify weaknesses and then to formulate strategies to improve the performance.
- Performance improvement ultimately helps the organization to meet its goals and objectives.
- It is always important to evaluate the performance of the employees periodically to find out their level of efficiency. Some standard methods have been devised to make employees understand how far they are from the expected standards so that their performance can be improved.
- Those employees who lag behind in certain key performance areas must be assisted to analyze and improve their performance levels. Therefore the process of performance appraisal helps to evaluate and improve the performance of the employees so that they can give their best to achieve the goals of the organization as well as achieve better career satisfaction.



What is “Performance Counseling?”

- Performance Counseling is a very important activity that helps employees to know themselves better. Performance Counseling refers to the help provided by a manager to his subordinates in objectively analyzing their performance. It attempts to help the employee in:
 1. Understanding himself - his strengths and weaknesses.
 2. Improving his professional and interpersonal competence by giving him feedback about his behavior.
 3. Setting goals and formulating action plans for further improvement.

Counseling aims at development of the counselee. It involves following objectives:

1. It helps in reviewing the progress made by an employee in concern with his objectives.
2. It also helps to develop various plans, which are necessary or required to improve the performance.
3. It provides a congenial work climate and healthy working atmosphere.
4. It also helps to realize the actual potential of a manager.
5. It acts as a base to increase the personal and interpersonal effectiveness by giving regular feedback and judging an individual’s interpersonal competence.
6. It also encourages generating alternatives for dealing with various problems.



Performance Counselling Objectives

- The main objective of performance counseling 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.
1. To help subordinates in realising his potential as a manager or leader, etc.
 2. To help subordinates in understanding himself – his strengths and his weaknesses.
 3. To provide subordinates an opportunity to acquire more insight into his behaviour and analyse the dynamics of such behaviour.
 4. To help in having better understanding of the environment.
 5. To increase subordinate's personal and inter-personal effectiveness by giving him feedback about his behaviour and assisting him in analysing his inter-personal competence.
 6. To encourage subordinates in setting goals for further improvement.
 7. To assist in generating alternatives and a final action plan for dealing with various problems.
 8. To create an empathic atmosphere to share and discuss his tensions, conflicts, concerns and problems.
 9. To help subordinates in reviewing in a non-threatening way his progress is achieving various objectives.

Performance Counselling Process

The process of counseling involves 3 main sub processes:

i) Communication, ii) Influencing, and iii) Helping

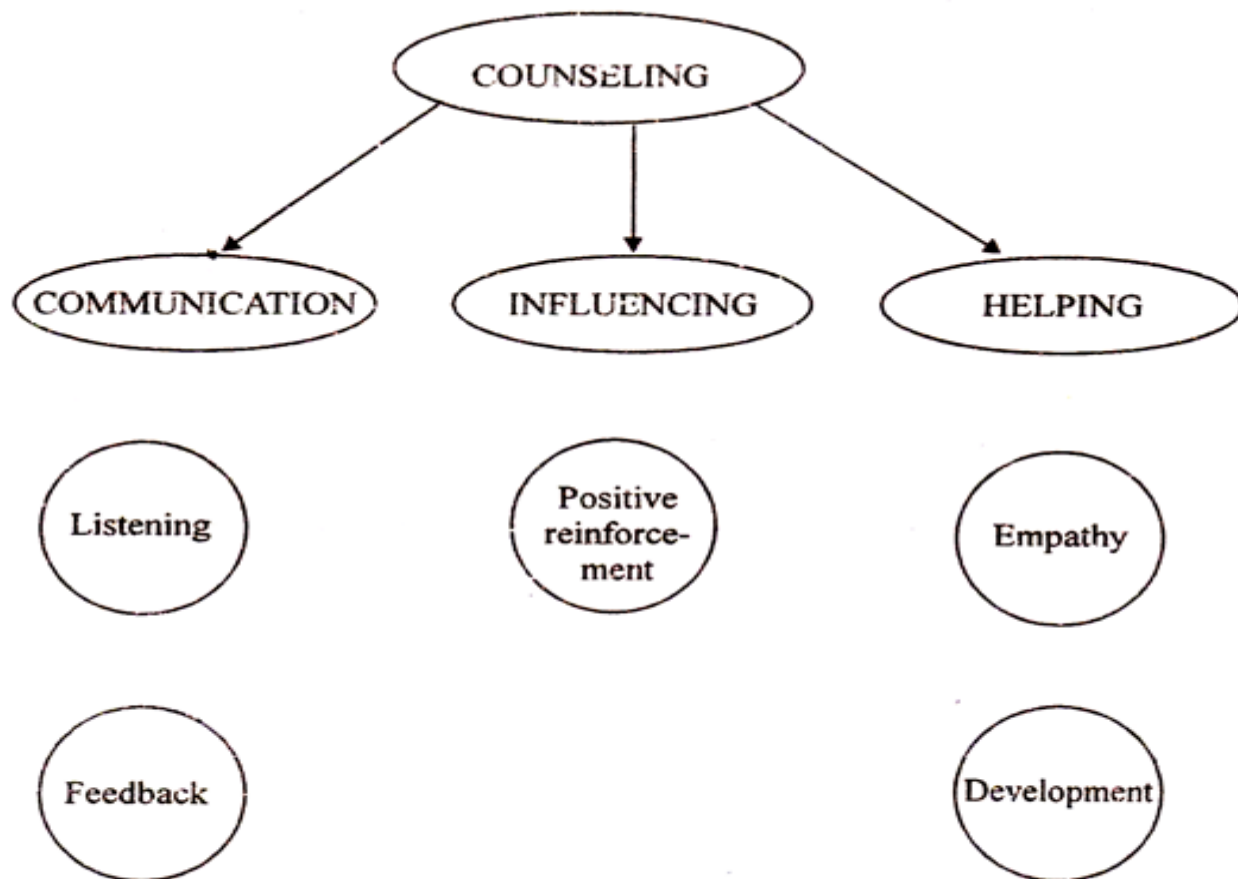


FIG 4.1 : A DIAGRAM SHOWING THE COMPONENTS OF COUNSELING



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 degrees 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 an 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 needs 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 empathize with him. Without such genuine concern, counseling may only degenerate into a ritual or fruitless exercise.

Process of Performance Counseling:

- 1 • Rapport Building
- 2 • Listen with intelligence and understanding
- 3 • Avoid being judgmental
- 4 • Define the Problem
- 5 • Plan the Action
- 6 • Stay Alert
- 7 • Conclude the meeting



(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 the 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 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 needs 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 a lot of effort 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.

Like:

Is there anything else you think you want to tell me?

Are there other factors which preceded the

problem?

(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 needs, 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 this situation?"



Conditions for effective Performance Counselling and Planning

- A **climate of trust, confidence and openness** is essential for effective counseling. Counseling cannot be effective if the subordinate does not trust his boss.
- It is necessary that the subordinate should feel free to participate without fear or inhibition as it is a dialogue between supervisor and subordinate and hence should be a **two way communication**.
- The main purpose of counseling is **employee development**.



The following conditions are necessary for counseling to be effective:

1. General climate of openness and mutuality

2. General helpful and empathic attitude of management

3. Sense of uninhibited participation by the subordinates in the performance review process

4. Dialogic Relationship in goal setting and performance review

5. Focus on work-oriented behaviour

6. Focus on work related problems and difficulties

7. Avoidance of discussion of salary and other rewards



1. General climate of openness and mutuality

- If the organization or department in which the employee is working is full of tension, and people do not trust each other, counseling cannot be effective.
- A climate of minimum trust and openness is essential for effective counseling.

2. General helpful and empathic attitude of management

- Counseling involves effective helping which is not possible unless the counselor has general helping attitude and has empathy for the counselee.

3. Sense of uninhibited participation by the subordinates in the performance review process

- Unless the subordinates in a department or organization feel free enough to participate without inhibition in the process of review and feedback, counseling cannot be effective.
- Counseling is not a one-way process of communicating to the employee what he should or should not do.
- It is a process of developing dialogue which eventually contributes to better understanding on the part of counselee.

4. Dialogic Relationship in goal setting and performance review

- Performance counseling focuses on the counselee's achievement of the performance goals he had set in consultation with his manager.
- Joint participation by the employee and his reporting officer are necessary both in goal-setting as well as in the performance review.
- Without such collaboration effort, counseling does not achieve its purpose.



5. Focus on work-oriented behavior

- The main purpose of performance counseling is to help the employee in improving his performance.
- Counseling can be effective if the focus is kept on the work related goals rather than diffusing attention into various other areas.
- While doing so, discussion may involve other related and personal issues, but these are used to re-focus on improvement of organizational roles rather than on personal or general personality problems.

6. Focus on work related problems and difficulties

- Performance counseling is not related only to the achievement of goals, but to the contextual problems in achieving or not achieving the goals
- Analysis of performance therefore becomes the basis of counseling,

7. Avoidance of discussion of salary and other rewards

- Performance counseling may not serve its purpose if it includes discussion about salary raise, rewards, etc.
- The main purpose of performance counseling is to use performance appraisal in planning and improvement of the employee rather than understanding relationship between performance and reward like salary, etc.
- Bringing such discussion in the performance counseling may vitiate the main purpose of counseling.



Tips for effective performance counseling

1. Make sure that the subordinate is willing to learn from counseling
2. Encourage subordinate to function independently
3. Make sure that the subordinate understands the purpose of the counseling
4. Minimize arguments
5. Ensure adequate follow-up



What is 'Performance Planning?'

- Definition: Performance planning is a systematic and structured approach to successfully achieve the desired goals of an individual or team throughout the assessment year. A plan is chalked out for the team or an individual(s) keeping in mind the broader objectives of the organisation.

Performance planning is a crucial part of an employee's growth in the organisation. An effective performance planning system will be easy to understand, as well as to implement. It would also be accurate enough to provide the performance of an employee throughout the year.

There are four basic objectives of performance planning. The first one is to communicate basic responsibilities that the individual has to perform on a daily basis. It could be reporting, data management, etc.

The second objective is to remove any vagueness in the goals and objectives that the individual has to achieve in the year or time period specified by the team leader.

The third is to identify and build on the competencies of an individual for doing the job. This helps in making employees more productive.

The fourth is to create an adequate career development plan for the individual which would keep him/her motivated. If an employee is well aware of his/her career as well as growth plan, he/she will be self-motivated.

The performance planning tool should be effective in monitoring as well as measuring the results. It should identify key performance levels which can easily be quantifiable. Performance metrics which



are easy to identify are helpful in making comparisons.

- The performance plan laid out would also be helpful in enlisting various training programs which employees can take to increase knowledge and productivity.

Normally, there is no specific format in making a performance plan, but it should have these four parameters. The first is to list the goals, the second is that it should contain various performance measures. The third one is that the performance planning should enlist various measures or action required to achieve desired goals, and the last one is that it should have a given time period for all goals.



The key objective of performance planning as given as below:

1. Performance planning clearly defines the purpose of the organization. The purpose is to establish realistic goals and objectives consistent with that mission in a defined time frame within the organization's capacity for implementation.
2. After planning, the next task is to communicate those goals and objectives to the organization's constituents.
3. We have to ensure the most effective use of the organization's resources by focusing the resources on the key priorities.
4. Then to provide a base from which progress can be measured and establish a mechanism for informed change when needed.
5. To listen to everyone's opinions in order to build consensus about where the organization is going and where to want to reach.
6. It provides a clearer focus for the organization, thereby producing more efficiency and effectiveness.
7. It is used to clearly identify the performance metrics used to measure employee's success in meeting predetermined targets.
8. It produces great satisfaction and meaning among planners, especially around a common vision which increases productivity from increased efficiency and effectiveness.
9. It solves major problems in the organization by providing ongoing on-the-job feedback.



Methodologies of Performance Planning

- The key methodologies of setting up a performance criteria can be understood by following points and are as follows:

1. **Key Performance Area**
2. **Key Results Area**
3. **Tasks and Target Identification**
4. **Goal Setting Exercises**
5. **Organizational Objectives and Strategy**
6. **Assessment of Organizational Performance Needs**
7. **Setting Organizational Performance Expectations**
8. **Establishing Performance Management Process**
9. **Measuring Effectiveness of Performance Management**

Key Performance Area

The key performance area for any employee includes the identification of priority area first. After identifying this, subsequent working on the specified area is done. The process of key performance area involves the following steps which are mentioned below:

- Identification of important tasks and activities.
- Determining the areas of priority.
- Setting goals in the identified area.
- Seeking the employee's commitment to identified work.
- Making arrangements for required resources.

Key Results Area

The term key results area may be defined as general area of outcomes for which a role is responsible and the major task is to identify them. Identifying KRAs helps individual employees in a number ways as enumerated here:

- Clarify their roles.



- Align their roles to the organization's business or strategic plan.
- Focus on results rather than activities.
- Communicate their role's purposes to others.
- Set goals and objectives.
- Priorities their activities, and therefore improve their time work management.
- Make value-added decisions.

Tasks and Target Identification

It involves the identification of roles, responsibilities, tasks and key targets of the employees and by identifying these, each and every employee should know their duties and key targets.

Goal Setting Exercises

An organization's ultimate goals determine its strategy.

For example An organization intending to become the world's largest textile company in the shortest possible time which is ultimate goal of any organization, will increase its production capacities either through organic route such as setting up new manufacturing facilities, or by acquiring other textile organizations.

Since acquisition helps increasing production capacities quickly, the organization shall pursue acquisition as a strategy for faster growth but acquisition strategy also involves turning around the performance of the older acquired production units which essentially calls for improving human performance for corporate success.

Organizational Objectives and Strategy

In order to understand organizational objective and strategy, we need to undergo various points which are:

- The ultimate goal of organization.
- Its competitive position in market.
- To compare the organization's strength with changing environment.
- To examine an organization's critical issues.
- To analyze an organization's opportunities.
- Exploring best approaches in view of organizational resources and competencies.



Assessment of Organizational Performance Needs

After identifying objectives and strategy, there is a need to assess performance criteria and for this, the below mentioned steps should be carried out:

- Identifying competencies necessary for achieving organizational objectives and strategy.
- Gathering information about critical issues related to the purpose.
- Determining new and future performance needs of the organization.
- Prioritizing organizational improvement measures.
- Recognizing core organizational values.

Setting Organizational Performance Expectations

Once the assessment is over, one need to set performance expectations which can be done as follows:

- Determining required vs. desired performance.
- Determining the current performance status.
- Understanding, aligning and agreeing on performance expectations.
- Formulating key performance indicators.
- Evolving job objectives.
- Aligning individual goals with organizational strategy.

Establishing Performance Management Process

For establishing performance management process, several steps mentioned below have to be considered.

- Designing a framework of performance management encompassing.
- To implement performance planning.
- To manage the performance.
- Conduct performance appraisal.
- Monitoring the performance.



Measuring Effectiveness of Performance Management

- Identifying opportunities for performance development against which effectiveness will be measured.
- Providing performance counseling including 360-degree feedback as per the requirement.
- Devising reward strategy and administering a reward system properly & Establishing performance management audit.
- Improvement in the competitive position of the organization.

Importance of Performance Planning

The coaches or mentors in any organization work with performance plans or work plans to keep their employees motivated. They operate with such plans in place for each and every one of their team members to generate synergy.

The following points discuss the importance of performance planning which are given below:

- Performance planning helps in aligning the individual goals with the organizational goals and the concept behind this is mutuality for survival and growth.
- This makes the process of performance management more accountable and objective.
- It focuses on key results area and key performance area which must be considered for gaining the competitive edge.
- Performance planning helps in maximum utilization of resources and it is important to make clear in the role and responsibilities of employees.



Performance Coaching

- Coaching, in its simplest form, means to train, tutor or give instruction. It is an excellent skill that can be used to enhance growth and performance, as well as promote individual responsibility and accountability. Performance coaching is an ongoing process which helps build and maintain effective employee and supervisory relationships. Performance coaching can help identify an employee's growth, as well as help plan and develop new skills. Using their coaching skills, supervisors evaluate and address the developmental needs of their employees and help them select diverse experiences to gain necessary skills. Supervisors and employees can work collaboratively on developing plans that might include training, new assignments, job enrichment, self-study, or work details.
- There are many types of coaching elements that provide a framework of the coaching process. The following are examples of elements from the Idaho Division of Human Resources that are essential when it comes to performance coaching:
 - **Building Trust** - Trust is key to coaching. The supervisor and employee relationship must have some level of trust for coaching to work. A mutual interest in the success of the other is critical. Trust can begin to develop through open, honest feedback and respect.



- **Defining the Issues** - The supervisor/manager should seek information from the employee to better understand the issue or performance in question. The emphasis is not on proving who is right or wrong, but on gathering information in a non-judgmental manner.

- **Coaching for Success** - Taking employees from compliance to commitment can be difficult. Finding or creating that factor means sometimes helping the employee get in touch with what matters to him/her - what are his/her internal goals. Sometimes this is best achieved through the use of open-ended questions leading to the employee's self discovery.

- **Creating a Plan of Action** - For the purpose of buy-in and commitment, the supervisor and the employee should jointly create an action plan. The plan should include performance goals that are simple, measurable and attainable.

Difference between performance coaching and performance counseling

<u>Sr. no.</u>	<u>Performance Coaching</u>	<u>Performance Counseling</u>
1	Coaching addresses workplace performance of the counselee.	Counseling and therapy deals with personal problems.
2	Coaching has a narrower focus.	Counseling has a broader focus and greater depth.
3	The goal is to improve an individual's performance at work.	Goal is to help people to understand the root causes of long standing performance problems/issues at work.
4	Tends to be a short term intervention.	A short term intervention but can last for longer time periods due to the breadth of issues to be addressed.
5	Coaching does not seek to resolve any underlying psychological problems. It assumes a person does not require a psycho-social intervention.	Counseling can be used to address psycho-social as well as performance issues.
6	The agenda is typically set by the individual, but in agreement/consultation with the organization.	The agenda is generally agreed by the individual and the counselor.
7	Coaching can began with a goal or aspiration.	Counseling begins with a problem.
8	Coaching is used by high achievers as much as beginners or people who are stuck.	Counseling is sought by people having difficulties.
9	Coaching involves other personnel in the process.	Counseling session does not involve other persons, or they are rarely involved.



Performance Managing

Performance management is a corporate management tool that helps managers monitor and evaluate employees' work. Performance management's goal is to create an environment where people can perform to the best of their abilities and produce the highest-quality work most efficiently and effectively.

- Performance management tools help people to perform to the best of their abilities and produce the highest-quality work most efficiently and effectively.
- The precept of performance management is to view individuals in the context of the broader workplace system.
- Performance management focuses on accountability and transparency and fosters a clear understanding of expectations.

Understanding Performance Management

- A formal performance-management program helps managers and employees see eye-to-eye about expectations, goals, and career progress, including how an individual's work aligns with the [company's](#) overall vision. Generally speaking, performance management views individuals in the context of the broader workplace system. In theory, you seek the [absolute performance standard](#), though that is considered unattainable.
- Performance-management programs use traditional tools such as creating and measuring goals, [objectives](#), and milestones. They also aim to define what effective performance looks like and develop processes to measure performance. However, instead of using the traditional



paradigm of year-end reviews, performance management turns every interaction with an employee into an occasion to learn.¹

- Managers can use performance management tools to adjust workflow, recommend new courses of action, and make other decisions that will help employees achieve their objectives. In turn, this helps the company reach its goals and perform optimally. For example, the manager of a sales department gives staff target revenue volumes that they must reach within a set period. In a performance management system, along with the numbers, the manager would offer guidance gauged to help the salespeople succeed.
- Focusing on continuous [accountability](#) creates a healthier, more [transparent](#) work environment, and emphasis on regular meetings can improve overall communications. Because performance management establishes concrete rules, everyone has a clearer understanding of the expectations. When expectations are clear, the workplace is less stressful. Employees are not trying to impress a manager by doing some random task, and managers aren't worried about how to tell employees that they are not performing well. If the system is working, they probably know it already.

Characteristics of performance managing

- Major characteristics of performance management are as follows;
 1. It seeks to realize performance planning within the framework of business plan of the organization.
 2. It helps to keep a check on employee's performance so as to keep them aligned to the objectives and strategy of the organization.
 3. It facilitates employees to improve their performance on a continuous basis, based on the inputs given by managers on periodic basis.
 4. It develops an analytical insight among employees to look at their efforts and results in a more critical manner.
 5. It prevents misalignment of employee efforts with respect to organizational objectives and strategy.



Objectives of performance managing

- Objectives of performance managing are as follows;
 1. Defining mutual expectations of managers/organization, and employees
 2. Actualizing the performance plans of all the employees by improving employee performance on a continuous basis.
 3. Analyzing the ongoing efforts of the employees in order to remove performance deficiencies.
 4. Managing performance as a relationship.
 5. Keeping employee focused on their performance objectives and standards.
 6. Creating challenging and satisfying development plans.

Process of performance managing

1. Analysing Performance

- This step involves understanding the various factors contributing to performance-both positively and negatively for a given period and managing them to enhance performance.

2. Reinforcing right efforts

- This step pertains to encouragement, support and visibility which the managers provides to the employees for making the correct progress in work as per the performance plan.

3. Removing performance deficiencies

- Managers must also provide vision, help, and resources to those employees who are not able to meet their performance goals/objectives.

4. Improvement plans

- Generally it is felt that only employees lacking in performance need to be given improvement plans.
- However, it only partially correct, as good performers also need to be given performance improvement plans in order to keep abreast with the latest changes and development within and outside the organization.



Importance of performance managing

- Importance of performance managing is as follows;
 1. It helps in developing skills and competencies of the employees on periodic basis.
 2. It motivates employees to evaluate their own performance vis a vis their performance plan in a logical and rationale manner.
 3. It corrects performance deficiencies before they become performance disablement.
 4. It paves the way for optimal utilization of organizational resources including men, material, and money.
 5. It provides opportunity to employees to enhance their contributions.



MCQs

<u>Sr.no</u>	<u>Question</u>	<u>Answer</u>
1.	Which process is a collaborative, communication-based process where employees and management work together to plan, monitor and review the employee's objectives, long-term goals, job trajectory and comprehensive contribution to the company?	The performance management
2.	The performance management process is a collaborative, _____ process where employees and management work together to plan, monitor and review the employee's objectives, long-term goals, job trajectory and comprehensive contribution to the company.	communication-based
3.	What is a model that allows management and employees to better achieve organizational goals through a structured process of employee development?	The performance management cycle
4.	The performance management cycle is a model that allows management and employees to better achieve organizational goals through a structured process of?	employee development
5.	The performance management cycle definition encompasses how many main stages?	four
6.	First stage of PM cycle is.....	Planning
7.	Second stage of PM cycle is.....	Monitoring



8.	Third stage of PM cycle is.....	Reviewing
9.	Fourth stage of PM cycle is.....	Rewarding
10.	In which stage, the groundwork for success is laid down. Before management talks to the employee, the management team should meet and decide the organization's goals and objectives for the year?	planning
11.	In the planning stage, the groundwork for success is laid down. Before management talks to the employee, the management team should meet and decide the organization's goals and objectives for the year. True/False?	True
12.	The goal must have a definite and measurable indicator to tell if it has been ?	achieved
13.	What must have a definite and measurable indicator to tell if it has been achieved?	goal
14.	There should be a definite _____ as to when this goal should be completed.	timeline
15.	There should be a definite timeline as to when this goal should be ?	completed.
16.	In setting these goals, management can also put in place an ?	employee development plan.



17.	In setting these goals, who can also put in place an employee development plan?	management
18.	In which stage of the performance management cycle, management gets an opportunity to identify areas of training and development in which an employee needs to strengthen and set goals that will achieve that?	beginning
19.	In the beginning stage of the performance management cycle, management gets an opportunity to identify areas of _____ in which an employee needs to strengthen and set goals that will achieve that.	training and development
20.	In which model, monitoring is a key function in achieving the goals set out in the planning stage?	performance management cycle
21.	In the performance management cycle model, _____ is a key function in achieving the goals set out in the planning stage.	monitoring
22.	At the end of the year, who meet to review the previous year and see if goals were met?	management and the employee
23.	At the ____ of the year, the management and the employee meet to review the previous year and see if goals were met.	end
24.	When management fairly rewards employees and gives them recognition for their efforts, they are ensuring that ?	those employees will continue to work hard to achieve organizational goals



25.	When management fairly rewards employees and gives them recognition for their efforts, they are ensuring that those employees will continue to work hard to achieve organizational goals. True/False?	True
26.	After which stage of the performance management cycle model, the management team and the employee can choose to meet one final time, to review the cycle as a whole. This is a chance to bring up any issues that might have arisen, and begin talks about the next year's goals?	reward
27.	After the reward stage of the performance management cycle model, the management team and the employee can choose to meet one final time, to review?	the cycle as a whole
28.	Which tools help people to perform to the best of their abilities and produce the highest-quality work most efficiently and effectively?	Performance management
29.	Performance management tools help people to perform to the best of their abilities and produce the highest-quality work most ?	efficiently and effectively.
30.	Performance management focuses on ?	accountability and transparency
31.	Performance management focuses on accountability and transparency and fosters a clear understanding of ?	expectations
32.	in which the key result areas and competence requirements are agreed?	Role definition



33.	Role definition in which the key result areas and _____ are agreed.	competence requirements
34.	What specifies what individuals, should do to improve their performance when necessary?	The performance improvement plan
35.	The performance improvement plan, which specifies what individuals, should do to ?	improve their performance when necessary
36.	which plan sets out the actions people should take to develop their knowledge and skills and increase their levels of competence?	The personal development plan
37.	The personal development plan, which sets out the actions people should take to develop their knowledge and skills and increase their levels of?	competence
38.	Performance management should not be like a system based on ?	periodical formal appraisals and detailed documentation
39.	What should not be like a system based on periodical formal appraisals and detailed documentation?	Performance management
40.	Performance feedback is a ?	communications process
41.	_____ is a communications process	Performance feedback
42.	What is useless unless business leaders have standards for performance, meaning they should have expectations of reasonable achievement?	Performance feedback
43.	Performance feedback is useless unless business leaders have _____, meaning they should have expectations of reasonable achievement.	standards for performance



44.	When it comes to _____ , leaders need to get the feedback from the team member before they can provide new goals and tasks for improvement	adjustments
45.	When it comes to adjustments, leaders need to get the feedback from ?	the team member
46.	The goal of performance feedback is to ?	improve skills and generate more revenues
47.	The goal of _____ is to improve skills and generate more revenues	performance feedback
48.	an area of performance feedback that doesn't always seem like it affects performance but it does?	Work Habits:
49.	Work Habits is an area of performance feedback that doesn't always seem like it ?	affects performance but it does
50.	Which habits affect how the outside views the competence of your company and a desire to want to work with you?	Service Habits
51.	Service Habits affect how the outside views the competence of your company and a desire to?	want to work with you
52.	Formal feedback gathering sessions can take place on a?	monthly, quarterly or annual review cycle
53.	Which feedback gathering sessions can take place on a monthly, quarterly or annual review cycle?	Formal
54.	When a manager helps other employees to learn and improve with the help of appraisal and communication, the process of feedback is ?	limited



55.	When a manager helps other employees to learn and improve with the help of appraisal and communication, the process of feedback is limited. True/False?	True
56.	Importance of Performance Feedback	5. Improves Performance 6. Promotes Professional and Personal Growth 7. Boosts Employee Morale 8. Creates and Sustains Communication
57.	What is very important for employees to know the level of their performance and the area in which they need to improve?	Performance Counseling
58.	Performance Counseling is very important for employees to know the level of their performance and the area in which they need to?	improve
59.	What refers to the help provided by a manager to his subordinates in objectively analyzing their performance?	Performance Counseling
60.	Performance Counseling refers to the help provided by a manager to his subordinates in objectively analyzing their?	performance
61.	The main objective of performance counseling is to?	help the employee to overcome his weaknesses and to reinforce his strengths
62.	The main objective of _____ is to help the employee to overcome his weaknesses and to reinforce his strengths	performance counseling
63.	The process of counseling involves 3 main sub processes:	i) Communication, ii) Influencing, and iii) Helping



64.	What are two different types of communication, which have varying degrees of attentiveness?	Hearing and listening
65.	Hearing and listening are two different types of communication, which have varying degrees of?	attentiveness
66.	In order to help or support a person one should know the	needs of an individual
67.	In order to _____ a person one should know the needs of an individual.	help or support
68.	who should encourage the employee to define the problem for himself with sympathetic listening and careful questions?	counselor
69.	A counselor should encourage the employee to ?	define the problem for himself with sympathetic listening and careful questions
70.	What should end up with a specific plan for the development of an employee i.e., identification of training needs, job rotation, increased responsibility, etc?	A counseling session
71.	A counseling session should end up with a specific plan for the development of an employee i.e., identification of training needs, job rotation, increased responsibility, etc. True/False?	True
72.	A climate of trust, confidence and openness is essential for?	effective counseling
73.	A climate of _____ is essential for effective counseling.	trust, confidence and openness



74.	The main purpose of counseling is ?	employee development.
75.	The main purpose of counseling is employee development. True/False?	True
76.	What is an systematic and structured approach to successfully achieve the desired goals of an individual or team throughout the assessment year?	Performance planning
77.	Performance planning is a systematic and structured approach to successfully achieve the desired goals of an individual or team throughout the assessment year. True/False?	True
78.	The _____ laid out would also be helpful in enlisting various training programs which employees can take to increase knowledge and productivity.	performance plan
79.	The performance plan laid out would also be helpful in enlisting various training programs which employees can take to increase ?	knowledge and productivity.
80.	The key performance area for any employee includes?	the identification of priority area first
81.	The _____ area for any employee includes the identification of priority area first.	key performance
82.	What is general area of outcomes for which a role is responsible and the major task is to identify them?	key results area
83.	The term key results area may be defined as general area of outcomes for which a role is responsible and _____.	the major task is to identify them



84.	An organization's ultimate goals determine its?	strategy
85.	An organization's _____determine its strategy.	ultimate goals
86.	Coaching, in its simplest form, means to ?	train, tutor or give instruction
87.	What means to train, tutor or give instruction?	Coaching
88.	Coaching addresses workplace performance of ?	counselee
89.	Coaching addresses _____of the counselee.	workplace performance
90.	Coaching can began with a?	goal or aspiration
91.	Counseling begins with a?	problem
92.	Performance management's goal is to create an environment where people can perform to the best of their abilities and produce the highest-quality work most?	efficiently and effectively
93.	Performance management's goal is to create an environment where people can perform to the best of their abilities and produce the highest-quality work most efficiently and effectively. True/False?	True



94.	Performance-management programs use traditional tools such as creating and measuring?	goals, objectives, and milestones
95.	Performance-management programs use _____ such as creating and measuring goals, objectives, and milestones.	traditional tools
96.	Who must also provide vision, help, and resources to those employees who are not able to meet their performance goals/objectives?	Managers
97.	Managers must also provide vision, help, and resources to those employees who are not able to meet their?	performance goals/objectives
98.	Importance of performance managing includes?	It provides opportunity to employees to enhance their contributions.
99.	Managers can use performance management tools to adjust _____ recommend new courses of action, and make other decisions that will help employees achieve their objectives.	workflow,
100.	Managers can use performance management tools to adjust workflow, recommend new courses of action, and make other decisions that will help employees achieve their objectives. True/False?	True