



PERFORMANCE MANAGEMENT

MODULE-3

Performance Monitoring



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Performance Monitoring

- Performance monitoring is a process wherein the supervisor ensures that the employee is progressing towards the goals and objectives established during goal setting.
- The supervisor makes sure that the work is being accomplished in accordance with the standards established at the beginning which acts as a benchmark and provides regular feedback to keep the employee on track.
- Monitoring performance is important because it helps companies determine how efficiently their employees are working, which allows the management to make changes that benefit the company.





- Put simply, employee performance monitoring is the practice of tracking the work of employees including the quality, quantity, and efficiency of work. When you monitor the performance of employees, you can paint a picture of how the business is running. It highlights the areas that need to be improved. And it also provides crucial information about what needs to be done for future plans.
- Focusing on employee performance helps businesses and helps the employees to unleash their full potential. Performance monitoring has positive effects on morale and the quality of work produced. Tracking performance is a win-win for both, employees and the organization.

HOW IS EMPLOYEE PERFORMANCE MEASURED?

- Every job has different responsibilities and tasks, so the metrics used to measure employee performance will ultimately depend on the type of business the company and employees operate in. But in general, the main ways to measure performance are:

QUALITY OF WORK:

- The quality of work done by employees is a key indicator of performance. Are employees ensuring high-quality results? Are they meeting the performance objectives? Quality of work provides the basis to analyze all other elements of their performance.

SPEED AND EFFICIENCY:

- Keeping a tab on how much work is done by employees makes them more efficient with their tasks. You can check it daily, monthly, or quarterly if they are matching up to the requirements.



- Are they completing the tasks within the given time frame? Is there something being neglected to do the work quickly? Efficiency and accuracy is a vital factor for the success of any business.

TRUST AND CONSISTENCY:

- Trust and consistency are what make or break a company. Ask yourself, can they work independently or need some assistance from their superiors? Are they representing company values? Are they disciplined and eager to provide standard work quality?
- The employee who has performance can be trusted to do their job on their own.
- They can produce strong results without much supervision. All these metrics are crucial when conducting individual employee performance reviews.



Objectives of Performance Monitoring

- Performance monitoring explicitly promotes the value that a manager and their employee accept as joint responsibility for monitoring progress on the tasks and goals agreed upon during the initial performance planning or expectation setting meeting and subsequent review meetings.
- The managers use instruments like written reports, review discussions and on-the-spot inspections to track:
 - Timely and quality fulfillment of managing tasks and goals.
 - Help and support legitimately needed by the manager's tasks, including those agreed upon during planning and review meetings.
 - To improve employee's job performance as well as methods and techniques of measuring.
 - Introducing the continuous learning and development process.
 - Periodic reviews help the performance manager.
 - It helps in correct planning assumptions and errors mid-course before it is too late.
 - It monitors and encourages progress, and keep the work on track.
 - It strengthens a dyadic relationship between the manager and the employee.



Characteristics of Performance Monitoring

- The key characteristics of performance monitoring are given below:
 1. In organizations, a performance monitoring plan is a critical tool for planning, managing, and documenting data collection.
 2. It is an important part of performance management system to control and measure the behaviours.
 3. This helps in maintaining the employees' performance as per the goals and objectives of the organization.
 4. Performance monitoring helps in building the strong relationships between the management and employees for their efficient performance.
 5. It facilitates career development of employees and provides the training and development opportunity to employees.

Some Monitoring and Mentoring Behaviours of the Manager are as follows:

- They are praising good performance.
- They help in faulting behaviour without rejecting the person.
- They share feelings rather than pronouncing value judgments.
- They believe in demonstrating and demanding integrity in behaviour and intent.
- Nurturing effective employees through continual reaffirmation of their worth to the organization.



Process of Performance Monitoring

- In this process, the manager observes managee performance through:
 - Periodic written reports.
 - Scheduled meetings.
 - On-the-spot inspections, or field or site visits in case of managees whose location is different from that of the manager.
 - Relevant and reliable information from other available sources.
- In the entire course of the monitoring process, the manager provides feedback to the managees and asks for feedback from the managees during group or team meetings. They need to discuss common issues, problems, etc.
- One-on-one meetings are conducted to discuss specific issues and problems encountered by individual managees.
- The manager and the managee, thereafter, discuss corrective measures needed, actions to be taken by either or both of them. They are discussing regarding other help or support needed to accomplish the requisite tasks and goals.



WHAT ARE THE BENEFITS OF PERFORMANCE MONITORING?

• IMPROVES WORKFORCE MANAGEMENT:

- Employee performance monitoring is a part of a wider performance management strategy.
- It helps with workforce and resource management. Keeping the current and future workload in the open with employees helps to analyze the future requirements of employees.
- If current workloads are too much for your employees, then you definitely need to hire more people. Or you can create a priority list and manage the tasks accordingly.

• INCREASES EMPLOYEE RETENTION:

- Companies that implement regular employee feedback have turnover rates 14.9% lower than companies that receive no feedback.
- High staff turnover can heavily affect your company. Not to mention the impact on staff morale and simply getting things done.
- The nature of performance management ensures that the expectations of your employees and their objectives are clear and regularly reviewed.

• IMPROVES ACCOUNTABILITY:

- Accountability plays a crucial role in the success of an organization, but ensuring effective accountability isn't easy.
- Often, people see accountability as a culture of blame, which is 100% wrong in many senses.
- Effective accountability defines a company's mission, values, and goals, and ensures each individual understands their role within that.



- **BOOSTS MORALE:**

- Appreciating your employees and saying that they are doing a good job, boosts their morale. Every manager should recognize individuals from their team. It makes a supportive environment for employees to grow. There should be appropriate communication to address the need for improvement in their work.
- The happier the employees are the more productivity. According to research, 69% of employees say they would work harder if their efforts are recognized. It is a key for maintaining employee morale.

- **HELPS IN IDENTIFYING THE RIGHT EMPLOYEES FOR PROMOTION:**

- Performance monitoring is the best way to identify employees suitable for promotion.
- All employees will be going through the same performance review process. It gives a better perspective on employees to evaluate them for promotion.
- It will ensure that the right employee is chosen, and make the selection process transparent.

Assessment Centre

- An Assessment Center consists of a standardized evaluation of behavior based on multiple evaluations including: job-related simulations, interviews, and/or psychological tests. Job Simulations are used to evaluate candidates on behaviors relevant to the most critical aspects (or competencies) of the job.
- Several trained observers and techniques are used.
- Judgments about behavior are made and recorded.





- An assessment center is a **method that many organizations use to identify management potential and determine candidate's suitability for higher functional positions**. It is often used in manager development process as a tool to evaluate candidates' personality traits and abilities.
- A certain function for identifying the skill and potential for growth, it uses few methods to evaluate employees for human resource & manpower purpose & decisions.
- In simple words, **Assessment centres** are a series of exercises commonly used by employers to test skills not readily assessable from an interview alone.
- Assessment centre is a method used particularly in military or management. For e.g. for selecting officers; SSB assessment centre method is used in Indian Defense Force, designed by DRDO.

Assessment Centre in HRM

- The **assessment centre in HRM** works in a certain way, it pre-determined adopts various techniques of testing to allow the competencies that are the candidates to showcase their ability & skills to achieve sheer success in a given particular job.

Preparation of Assessment Centre

- The Assessment centre mainly focuses on performing well at performance related exercises that bring out the actual work situations & activities.
- It lets the competencies to prepare for the assessment, makes the competencies familiarize with the essentials & job duties of the job position and reviews the skills of the competencies before the examination to make them improve themselves.



1. On Time Assessment Centre

- Every Station is set with a particular time and the candidates are given the exact amount of time to complete the exercises
- A Set of assessment centre experts will assess each particular exercise.
- The competencies will perform the exercise as soon as they finish the experts will direct them to the next exercise.
- The candidate behaviour is observed by the assessment experts who have been trained to perceive individual behaviour in terms of job dimensions.

2. After the Assessment Centre Finishes

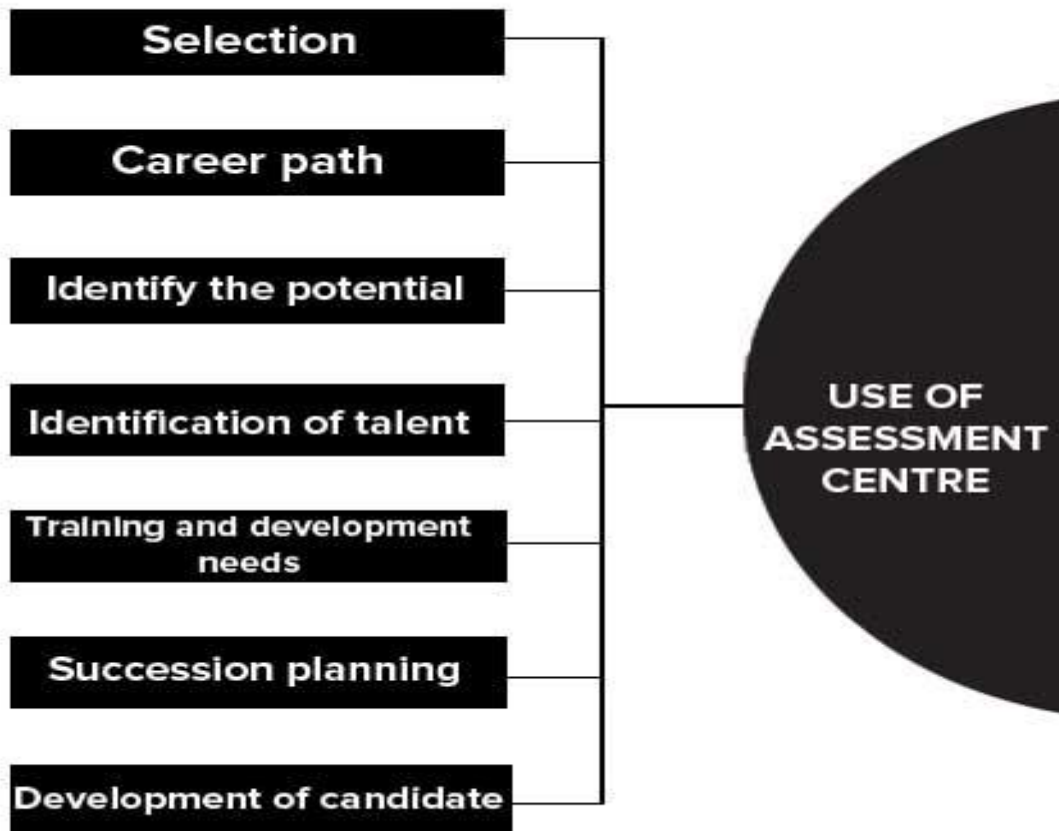
- *After the assessment* centre finishes the assessment centre the assessors i.e., the experts will start assessing the exercises given to them, the experts will assess the performances on each of the exercises being rated.
- When all the competencies complete their assessments, the expert assessors will put the information together that they've gathered. They usually take the form of discussing a candidate at a time.
- The competencies will be notified about the examination results in 10 days by the Human Resources.
- Letting the competencies know about their performances doesn't mean they'll be offered a position.

It determines the placement on the eligible list depending on the eligibility criteria the competencies name might be sent to the departments with vacancies & will be called for the interview for the position.

Use of Assessment Centre

The use of assessment centre is mainly for HR department, because HR Department looks after required and actual skill sets of candidates and then selects them.

Following are the Use of Assessment Centre:





- **Selection**

Assessment centre method helps in getting the right people for the right job at the right time.

- **Career path**

It helps in deciding the candidate to decide his / her career path or career development. It is because the candidate has got knowledge about the competencies required for a particular job.

- **Identify the potential**

It helps the candidate to know his / her potential and strong areas. This helps him/her in performance appraisal.

- **Identification of talent**

Assessment centre method clearly indicates the talents available within the organization, which helps in identifying potential people for a particular position.

- **Training and development needs**

Assessment centres also facilitate training and development need identification for a candidate.

- **Succession planning**

Succession planning as said above assessment centre method clearly indicates the skill sets or competencies of an individual, it helps in succession planning. This decision of succession planning based on assessment centre results helps in reducing errors or helps in the accuracy of taking the right decision.

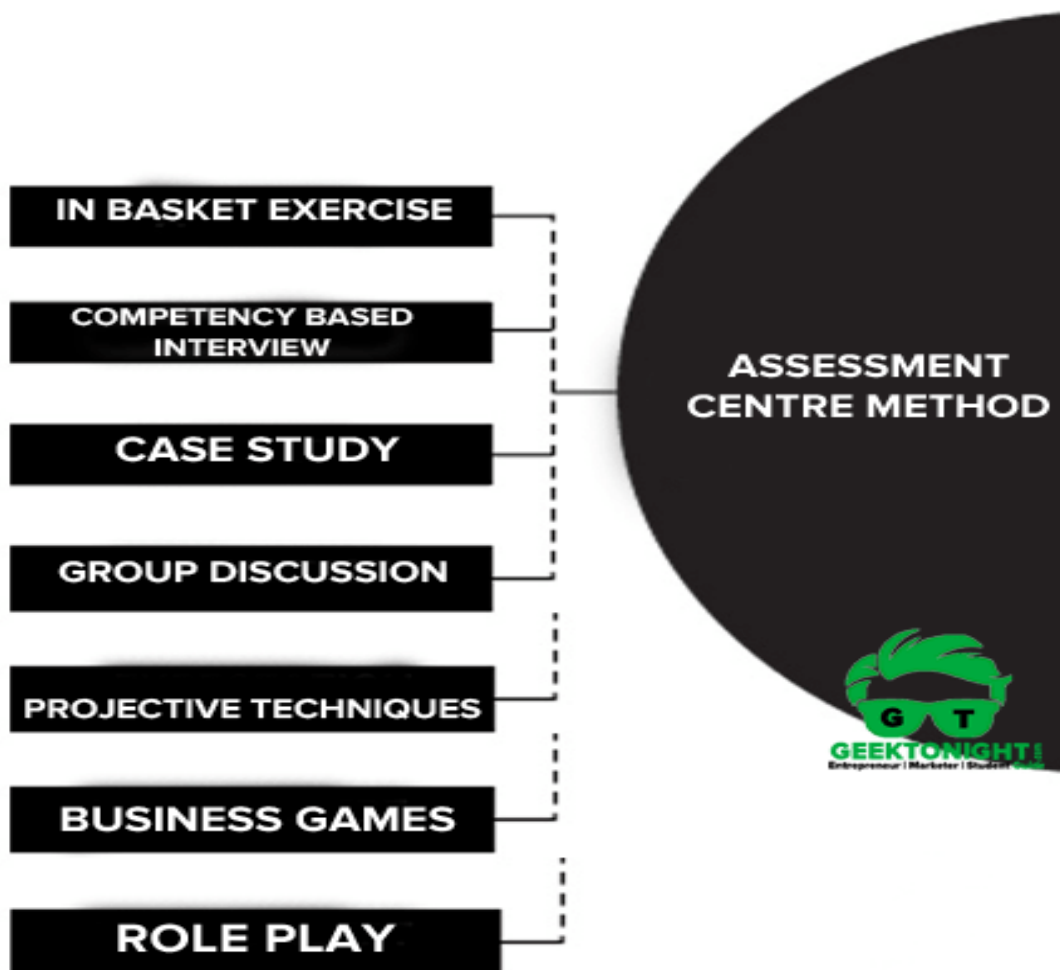


• Development of candidate

Skill enhancement through simulations

Assessment Centre Method

- Using the assessment center method, candidates are tested for the qualities required for a certain position. If it is an executive function, candidates will have to show their leadership qualities in the assessment. If it is an organisational function, the assessment will focus more on organisational qualities.
- **Method of Assessment Centre are:**





• In Basket Exercise

In basket exercise method in the assessment Centre also known as the **in-tray exercise method**. It is widely used across the organizations which accurately tests the knowledge, skill behaviour.

Some of the behaviours in the basket method are as follows:

- Speed and accuracy
- Analysis of information
- Planning
- Prioritization
- Decision making
- Management time
- Evaluation of situations
- Effective use of time

The **motive of in-basket exercise** is to know about the employee's ability that how well one can perform in a particular situation with the job-related task.

For example: If the management is hiring a content writer. candidate needs to know about the content writing basics, should be able to write an article with proper grammar and in narrative way with his skills. Also should be able to execute the article with the given information.

• Competency Based Interview

Competency-based interviews and also called **situational interviews** or **behaviour interviews** according to certain structures.

The interviewer has a collection of questions that each concentrates on a particular skill or ability of competency and the answers will be compared with the pre-established criteria.

These competency interviews work on a certain principle that past behaviour is the best route of future performance. The results will be used across all sectors of the organization by all the employers particularly favouring the large graduate recruiters that may come handy for them in the assessment centre.

Comparing to the normal interviews, competency-based interviews are more informal. Generally in the normal interviews, the interviews would be asking about



the random questions which will have a normal end but in competency-based interviews, it's more systematic and more intriguing.

Some of the key elements of competency-based interviews:

- Communication
- Conflict resolution
- Decisiveness
- Independence
- Flexibility
- Adaptability
- Problem-solving
- Resilience
- Organization
- Teamwork

- **Case Study**

A case study in the assessment centre method is projected by giving case studies to the competencies, that is giving them reports, situations to deal with and come up with accurate results. Documents would also be given to analyze them and to come up with proper decision-making skills based on the information given.

This can be done as individual exercise and also can be given in the groups that would let the assessors know about the teamwork ability of the competencies.

After going through the case studies and form a conclusion, the competencies have to present a brief report or presentation.

The **assessor/expert of the interview** would check the skill of the presentation and problem-solving method of the case study As much as a solution that the competency has arrived at. In the fact case studies are usually framed to not have an accurate answer or one "correct answer".

As long as the **competency justifies the logic** of the case study the assessor wouldn't mind interrogating, there for the competency would score marks basis on the ability to justify the answer.

A skill that you need to work on a case study exercise:

- Analytical and statistical and logical analysis of problems
- Formulating to a decision and committing to a decision
- Profound oral communication skills For discussing the recommendations.
- Commercial insight of a problem



- Entrepreneurial inside of a problem
- Interpreting a lot of data in various formats from various sources

• Role Play

Role-play exercise used in assessment Centre works in such a way that the employers would keenly observe the competencies by giving them role-play to see how would they cope up with the work situation.

The employers of the organization would observe certain skills in the competencies are as follows:

- Work under pressure
- Assertiveness
- Achieving goals
- Customer focus
- Interpersonal effectiveness

Role-play exercises bring out professional actors to create a scenario of work situations as follows:

1. A disgruntled colleague
2. A failing supplier
3. A dissatisfied shareholder
4. An angry customer

The employers will give a lot of challenges through the role plays To the competencies and then observe, How would the competency react and negotiate certain problems. And how would the competency conclude with the given scenario role-play?

• Group Discussion

Group discussion in an assessment Centre is executed with a small group of competencies. To know about the abilities and skills of the competencies and also to see how the competencies work In a team given.

The main motive of group discussion are as follows:

- To see the leadership skills in the competency
- To see the confidence
- To check the strength of the character
- To see how the competency would consider other opinions
- Logical arguments
- Strong communication skills
- Teamwork



- Commercial awareness

- **Projective Techniques**

The projective technique under assessment centre method is a series of relatively Project issues, concerns organization.

There are various kinds of projective techniques and assessment centres. Different organizations choose different types of projective techniques to project competencies and their issues and concerns.

- **Business Games**

It can also be effective for self assessment. The candidate might select from a checklist of different response option or chose different approaches and take different paths through simulation.

The simulation could branch through different stimulus presentation. This type of self assessment would help differentiate an employer as unique and sophisticated in their approach to candidate.



Advantages of Assessment Centers

- It is a fair and accurate way of selecting a candidate.
- It not only helps in selecting the right candidate for the position but also enhances the knowledge of the participants and boosts their thinking procedure and also improves their efficiency at work.
- It gives an opportunity for individuals who are talented and couldn't exhibit their talent because their job never demanded it.
- They enable interviewers to assess existing performance as well as predict future job performance.
- It gives the candidates a better insight into the role they have applied for as the tests are similar to the role.

Disadvantages of Assessment Centers

- AC is very costly and time-consuming. The assessment centre will take at least three days for each assessor one day for training, at least one day for assessing, and one more for making a decision.
- ACs requires highly skilled observers as the observers may bring in their own perceptions and biases while evaluating.
- Those who receive poor assessment might become de-motivated and might lose confidence in their abilities.
- A personal characteristics examined via assessment centre exercises cannot be measured accurately even over a period of three or four days.



Designing and Measuring Performance (KPI & KRA)

- The design of a performance measure is a process. Inputs, in the form of requirements are captured, and an output, in the form of a performance measure, is produced. The performance measure record sheet simply provides a structure to support this process.
- The importance of performance measurement isn't always easy to justify, but it's necessary for performance improvement in the long run. Effective performance measurement helps companies identify their strengths and weaknesses, top high performers, areas for improvement, and helps set benchmarks with historical data.
- KRA stands for Key Result Area and KPI stands for Key performance indicator.
- When it comes to measuring success, then KPI and KRA are two key measurable values that help business owners to gauge their success and progress.
- Measuring growth and goals is considered one of the most important activities of a business. Measuring and tracking success is important because it gives you a clear picture of your journey: Where you are right now, where you are going, how soon can you reach it, and who will help you reach your destination.
- Businesses that don't measure the growth and performance of their employees are often diverted from their primary goals and end up wasting time and resources which could otherwise have been utilized for their success. When it comes to measuring success, then KPI and KRA are two key measurable values that help business owners to gauge their success and progress.

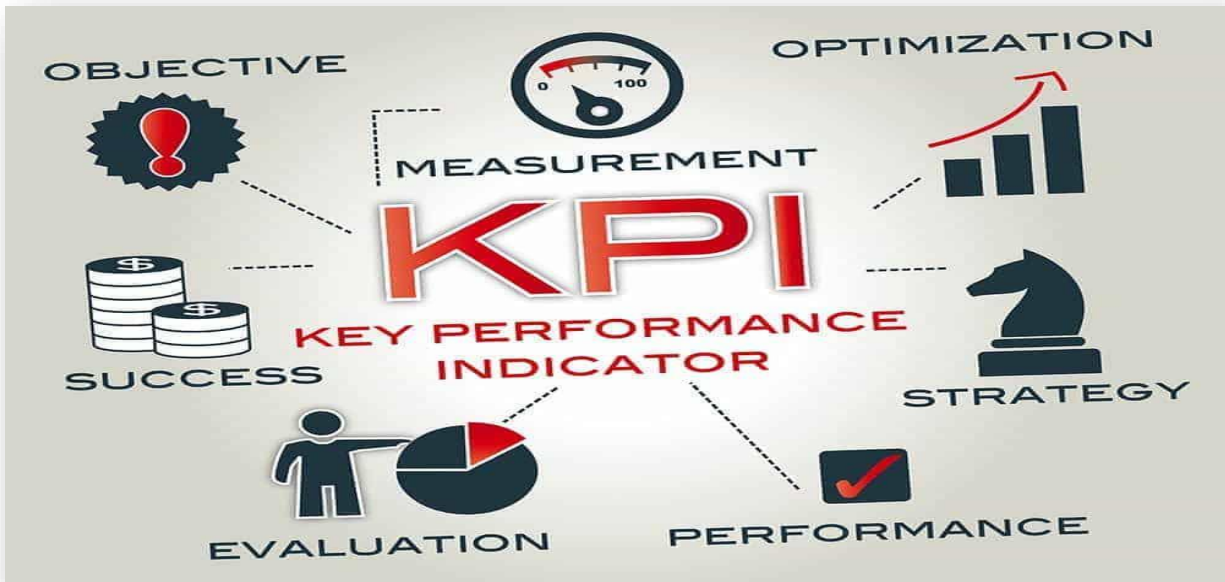


1. Key Result Area (KPI)

- Managers often talk about performance. There are targets and objectives to achieve – at an individual and team level – to meet your organization's overall goals.
- But how do you measure performance? Sure, you know that your team works hard, and you likely have data to back it up. But is everyone working on the right things? Does their work achieve the outcomes that your team and organization need?
- Key Performance Indicators (KPIs) can enable you to answer these questions, by quantifying individual and organizational goals, and evaluating performance accordingly. This article explains what KPIs are, what they do, and how to use them effectively.

What Is a KPI?

- A Key Performance Indicator (KPI) is a quantifiable metric that reflects how well an organization is achieving its stated goals and objectives.
- Sets of Key Performance Indicators, or KPIs, are established to measure performance in Key Results Areas (or Key Performance Areas) – and by definition, link back to the achievement of department / organisation objectives, and the achievement of the organisation's goals.
- Key Performance Indicator (KPIs) describes the indicators of performance or success for an employee.
- Again, using the example of the HR Manager who has Recruitment as one of their KRA's, a typical KPI for this HR Manager might be "Recruitment of Level 1 Positions within 3 months of notified vacancy and within 90% of budget".
- They are high-level snapshots of a business or organization based on specific predefined measures.
- KPIs typically consist of any combination of reports, spreadsheets, or charts.



- For example, if one of your goals is to provide superior customer service, you could use a KPI to target the number of customer support requests that remain unsatisfied at the end of each week. This will measure your progress toward your objective.
- KPIs link organizational vision to individual action. An ideal situation is where KPIs cascade from level to level in an organization. You can visualize this by thinking of your organization as a pyramid, as shown in Figure 1, below.
- The pyramid has strategic vision at the top, feeding down to specific actions at the bottom. In the middle you'll find the KPIs that have been derived from the strategy, objectives, and **Critical Success Factors (CSFs)** of your organization.
- CSFs are the areas of activity in which your organization must perform well in order to be successful. KPIs are the means by which these CSFs can be measured. The actions below the KPIs are the tasks and projects that you carry out in order to achieve the KPIs.



How to Set Organizational KPIs

- First, your organization needs to choose KPIs that measure the appropriate activity for each area of the business.
- For example, net profit is a standard KPI for an organization's financial performance. It's easy enough to calculate (total revenue minus total expenses), and you know that the higher it is, the better the company is performing.
- Others may be harder to calculate. A customer satisfaction KPI, for example, may require regular, carefully constructed customer surveys to build the right amount of data. You'd then have to decide what sort of customer satisfaction score represents the benchmark you want to achieve.

Note:

- Try not to have too many KPIs: the optimum number for most areas of a business is between four and 10. Just make sure that you have enough to measure how your team or organization is performing against your key objectives.

Types of Key Performance Indicators

When it comes to an organization, then profit is the most critical metric to gauge the success or failure, over a period of time.

Against this backdrop, the key performance indicators for an organization are:

1. **Revenue Growth:** Tracking revenues from one period of time to the other is an important metric to monitor, and thus, included in the list of key performance indicators for the company. A negative growth means something is very wrong and needs immediate attention.



2. **Income Sources:** What are the revenue sources, and over a period of time, what is the performance of each revenue stream? Companies can calculate revenue per client, revenues per unit of product sold, and more to find out the true picture of the growth of a company.
3. **Profitability Over Time:** This is probably the most critical KPI for any company: What is the profitability ratio over time, vis-a-vis revenues and expenses. If profitability is reduced, then how can you increase it? Should cost-cutting be a solution?
4. **Working Capital:** Working capital is the funds needed to carry on the day-to-day activities and business operations of a company. Tracking these metrics is an important step to ensure that the organization is well funded and self-sufficient to survive.

Key Performance Indicators for Employees

When it comes to finding out the key performance indicators for employees, then these factors can be considered, depending on the business objectives and goals:

- Teamwork
- Communication
- Customer Service
- Job Functions

Is the employee a team player, and empowers the team to set new benchmarks in performance? Is the employee able to communicate his/her thoughts, opinions in an efficient manner? Is the employee polite and attentive to the issues faced by customers? Does he/she have empathy, care, and patience? Is the employee performing the tasks given effectively? Is he/she able to manage time, and fulfill all professional obligations on time, and without external supervision?

KPI Metrics such as the revenue generated per employee, employee billable percentage, average task completion rate, overtime per employee, etc. can be calculated and monitored to find out the financial aspects related to the workforce.

Steps for building effective KPI

1. Identify the objectives

2. Establish relevant KPI Metrics

3. Formulate an Action Strategy



Setting SMART KPIs

Whatever the nature of your KPIs, you need to make sure that they're SMART. This stands for:

- **Specific:** be clear about what each KPI will measure, and why it's important.
- **Measurable:** the KPI must be measurable to a defined standard.
- **Achievable:** you must be able to deliver on the KPI.
- **Relevant:** your KPI must measure something that matters and improves performance.
- **Time-Bound:** it's achievable within an agreed time frame.

When you finalize a KPI, it should fulfill all of these SMART criteria. For example, "Increase new paid sign-ups to the website by 25 percent by the end of the second quarter of the financial year."

Ask yourself the following questions to help you to understand the context and define effective KPIs:

- What is your organization's vision? What's the strategy for achieving that vision?
- Which metrics will indicate that you are successfully pursuing your vision and strategy?
- How many metrics should you have?
- What should you use as a benchmark?
- How could the metrics be cheated, and how will you guard against this?



Managing Your KPIs

- When you're deciding which KPIs to set up, plan how you'll capture the information you need. Net profit requires a different set of data than customer satisfaction, for example, and requires access to different systems.
- Also, establish who will collect the data, and how frequently. Sales data can usually be collected daily, for example, whereas KPIs that require data to be collated from a number of sources might be better measured weekly or monthly.
- You'll need to verify the data, too, to make sure it's accurate, and that it covers all the requirements of your KPI.
- Communicate KPIs clearly to everyone concerned. If you're responsible for a team or organizational KPI, make sure that your reports know how each KPI impacts their work, and that they know which activities to focus on. You may be able to set up a performance dashboard, or use a balanced scorecard to measure progress efficiently.



Benefits of KPIs

1. Improves Productivity

2. Improved Sales

3. Better Evaluation of Performance

4. Easy to Understand

5. Indicates Common Goals

6. Improves Organizational Performance

7. Incentives for Personal Performance

2. Key Result Areas (KRA)

- Goals and Objectives are set at organisational level, then “cascaded” throughout the organisation to department, and even to individual level if applicable.
- “Key Result Areas” or KRAs, also called “Key Performance Areas” (KPA) refer to general areas of outcomes or outputs for which a role, or a combination of roles, is responsible. These are the areas within the organisation where an individual or group, is logically responsible / accountable for the results.
- Each role in a company generally has a number of KRAs, which define the key areas that the employee needs to produce results in (for example, for a HR Manager, one of the Key Result Areas might be Recruitment).
- Typically organizations like to define a set of KRA's for each role in a company, so that everybody's clear on the exact areas that the role is responsible for, and the incumbent is clear where they need to focus





Typical CORE Key Results Areas for an IT department would be:

- IT Strategy and Planning
- Business Solutions (design, development and implementation)
- Service Delivery – the management of the delivery of services to the organisation
- Service Support – the support of users and service delivery environment

Within the CORE Key Result Areas, there may be specific Key Result Areas:

- “Innovation” – if one of the objectives is to create new products and services
- “Customer Focus” – if one of the objectives is to improve customer service.

KRAs always link back to Objectives and Goals. This is how we “plan” and “deliver” the achievement of goals.

Identifying KRAs helps the business area and the individuals in the business area to:

- Clarify their roles
- Align their roles to the organisation’s business or strategic plan
- Focus on results rather than activities
- Communicate their role’s purposes to others
- Set individual and team goals and objectives
- Prioritise activities, and improve time/work management
- Make value-added decisions

A typical area targets three to five KRAs.

Application of KRAs

1. Recruitment and Selection
2. Planning
3. Training & Development
4. Organizational Structuring
5. Succession Planning
6. Performance Evaluation

Process of KRAs

- Process of KRAs is as follows;

1. The routine activities of the employees are listed.

2. Then employee questions themselves for the reason for doing the activity.

3. The answer to the above question is reviewed in search of common areas or themes.

4. Out of these themes, KRAs are identified.

5. These KRAs are then shared with their reporting managers, their colleagues and their subordinates



Guidelines for determining KRAs

1. The KRAs should be recognised and established by appraiser and appraisee.

2. Once framed, the KRAs should not change for the whole year.

3. The result areas should not exceed to five. these areas should define the activities of appraisee for which he is accountable.

4. The number of KRAs should be practical and within the reach of the appraisee .

5. The key result areas should address all those areas where the manager is needed to utilise various resources within the time period of project which exceeds from six months upto year.

6. These areas should involve both the managerial and operational level duties of the managers.

7. They should be a mix of normal work activities as well as process improvement and innovation activities which seek to develop something new.

8. The KRAs should be a mix of hard areas which are easy to measure and soft areas which are difficult to measure.



Putting it All Together (KPI + KRA)

- Goals, objectives, KRAs, and KPIs come together under the banner of **“Performance Management”**.
- Performance Management refers to the process of setting goals and regularly checking progress toward achieving those goals. It is a continuous process feedback loop whereby the outcomes are continually measured and compared with the target objectives. Any discrepancy or gap is then fed back into changing the inputs, so as to achieve the desired objectives. Any such management control system involves communicating the required change and promptly taking action to effect the desired change. This helps the system or organisation being managed to achieve the required goal or the strategic plan.
- Performance Management has often been confused with “Performance appraisal”. “Performance Appraisal” forms only the final part of the performance management cycle. Performance Appraisal is a backwards looking process and a “Lagging Indicator” of performance, measuring what happened in the past. Performance Management is a forward looking process and a “Leading Indicator” of performance because it drives a system or organisation towards a desired future goal.
- Fundamental for Performance Management is the system that defines the requirements and sets the objectives. In Human Performance terms, this is the Job Description and the Performance Agreement.

KPI vs. KRA

	KPI	KRA
FULL FORM	Key Performance Indicator	Key Result Area
TYPE	Metric	Strategic Factor
NATURE	Quantitative	Qualitative
USE	Evaluates the success towards goals at various levels.	Outlines the scope of the job or product.

Criteria for Performance Measurement

- **Performance measurement** is the process of collecting, analyzing and/or reporting information regarding the performance of an individual, group, organization, system or component.
- Definitions of performance measurement tend to be predicated upon an assumption about why the performance is being measured.

5 Criteria of Performance Measures





- Moullin defines the term with a forward looking organizational focus—"the process of evaluating how well organizations are managed and the value they deliver for customers and other stakeholders".
- Neely et al. use a more operational retrospective focus—"the process of quantifying the efficiency and effectiveness of past actions".
- In 2007 the Office of the Chief Information Officer in the USA defined it using a more evaluative focus—"Performance measurement estimates the parameters under which programs, investments, and acquisitions are reaching the targeted results".

Beyond a simple agreement about it being linked to some kind of measurement of performance there is little consensus about how to define or use performance measures. In the light of this what has happened is the emergence of organising frameworks that incorporate performance measures and often also proscribe methods for choosing and using the appropriate measures for that application. The most common such frameworks include:

- Balanced scorecard—used by organizations to manage the implementation of corporate strategies
- Key performance indicator—a method for choosing important/critical performance measures, usually in an organizational context

Operational standards often include predefined lists of standard performance measures. For example EN 15341 identifies 71 performance indicators, whereof 21 are technical indicators, or those in a US Federal Government directive from 1999—National Partnership for Reinventing Government, USA; *Balancing Measures: Best Practices in Performance Management*, August 1999.



Defining performance measures or methods by which they can be chosen is also a popular activity for academics—for example a list of railway infrastructure indicators is offered by Stenström et al., a novel method for measure selection is proposed by Mendibil et al.

Academic articles that provide critical reviews of performance measurement in specific domains are also common—e.g. Ittner's observations on non-financial reporting by commercial organizations, or Boris et al.'s observations about use of performance measurement in non-profit organizations.

Performance management is an integral part of the workplace as it provides a platform for supervisors and managers to measure employee performance and determine whether employees are meeting the company's expectations. The method of performance measurement varies according to the work environment, type of business and, to some extent, the employee's occupation.

- Graphic rating scales, management by objectives and forced ranking are three methods used to measure employee performance.

Methods used to measure Employee Performance

1. **Graphic rating scales**
2. **Management by objectives**
3. **Forced ranking**

1. **Graphic rating scales**

- Graphic rating scales are ideal for production-oriented work environments, as well as for other workplaces that move at a fast pace, such as those found in the food and beverage industry.

GRAPHIC SCALE RATING

Employee Name

Department

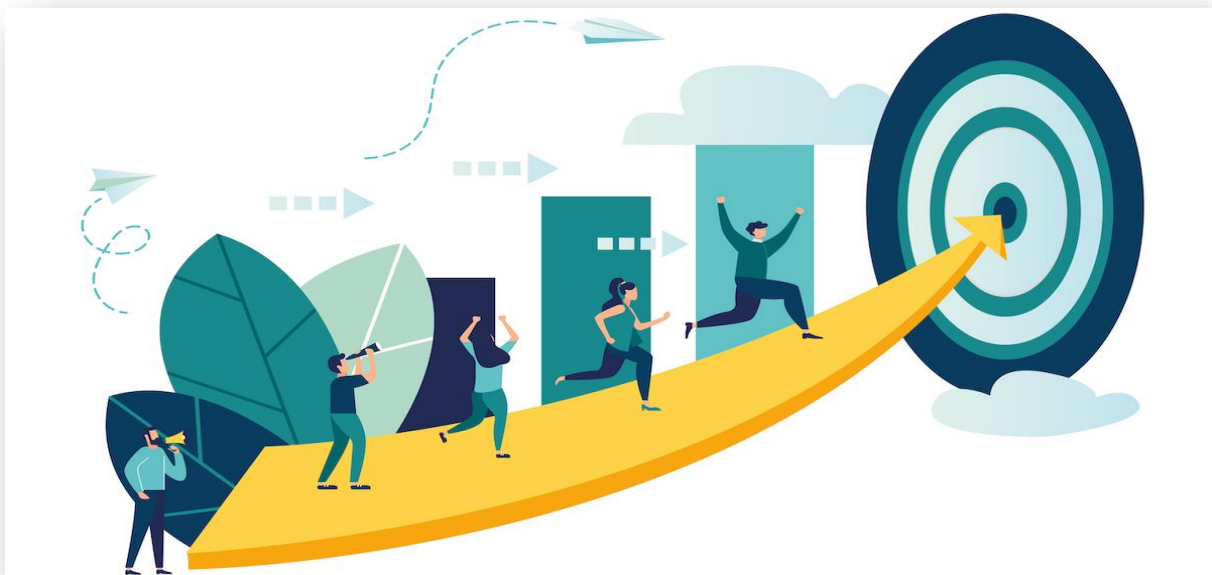
Job Title

Performance Level Work Dimension	Poor	Fairly Poor	Fairly Good	Good	Excellent
Attendance			✓		
Behavior towards Subordinates			✓		
Sincerity				✓	
Dependability					✓

- A rating scale consists of a list of job duties, performance standards and a scale usually from 1 to 5 for rating employee performance. This method for measuring employee performance requires preparation just like other methods; however, it can be completed relatively quickly, which is a plus for supervisors who manage large departments or competing assignments in an environment that leaves little time for workforce management duties.

2. Management by objectives

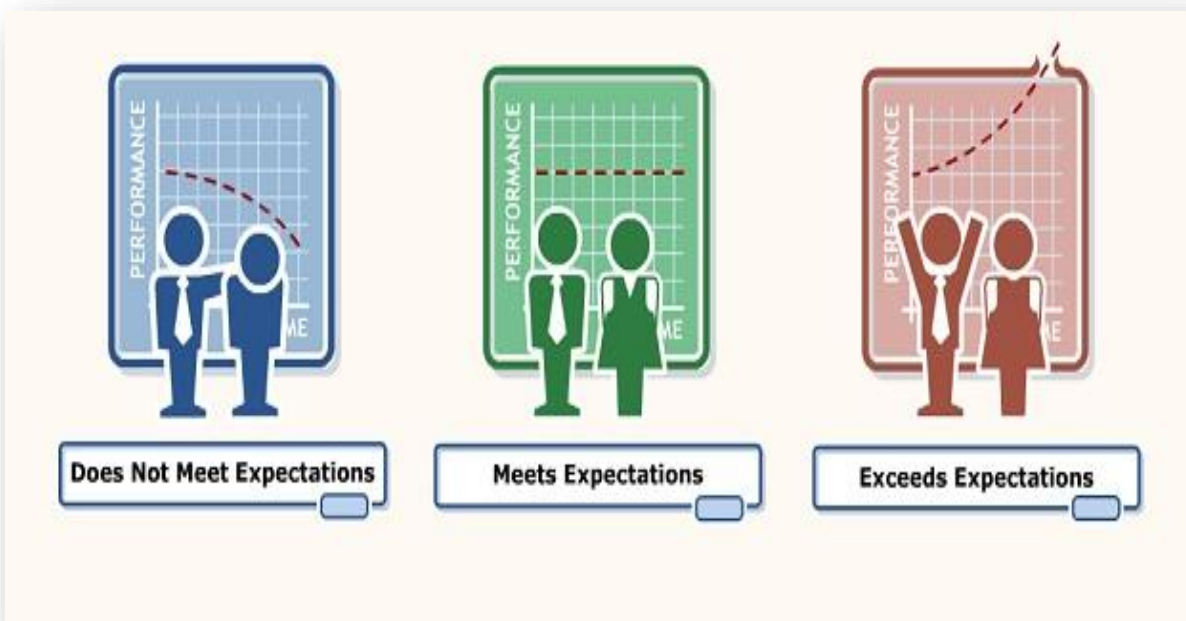
- Management by objectives, or MBOs, are useful for measuring the performance of employees in supervisory or managerial positions.
- MBOs start with identifying employee goals, and from that point the employee and her manager list the resources necessary to achieve those goals.
- The next section of MBOs consists of the timelines for achieving each goal.



- Throughout the evaluation period, the employee and her manager meet periodically – quarterly is best – to discuss the employee's progress and to reset goals for which the employee needs additional time or resources to complete.
- The employee's performance is measured by how many of her goals she accomplished within the designated time frame.

3. Forced ranking

- Forced ranking measures employees' achievements against those of their peers, instead of comparing the employee's current evaluation period against the employee's own past performance.
- For this reason, forced ranking lends itself to creating a very competitive work environment.

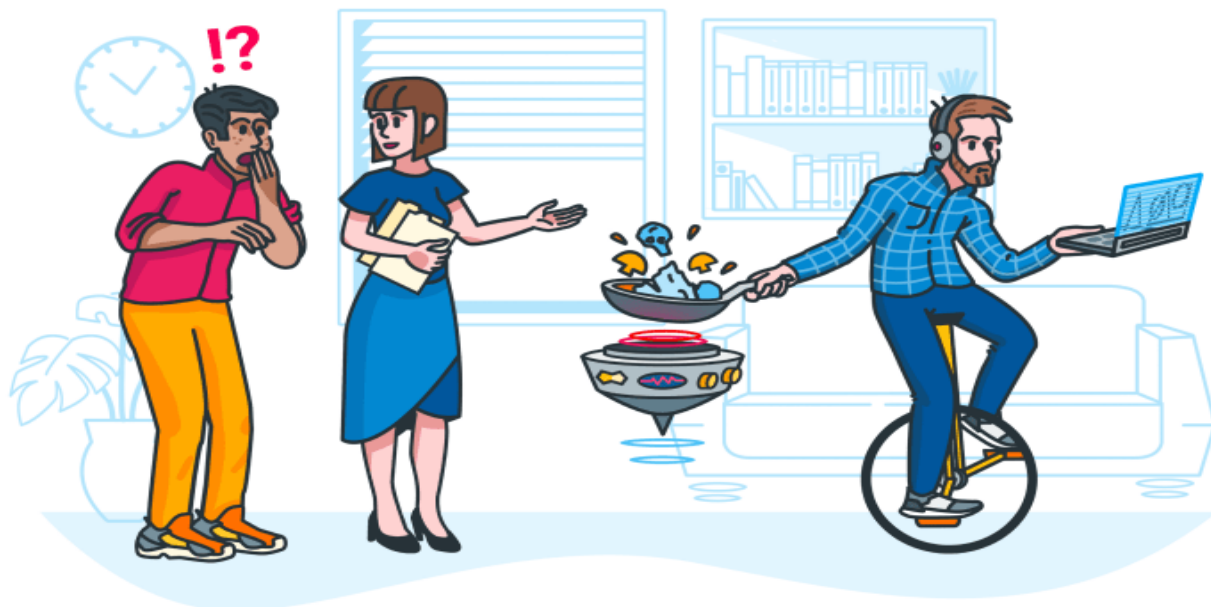




- Forced ranking earned a bad name from the time this method became popular during the reign of GE's former CEO, Jack Welch. Welch advocated supervisors and managers ranking employees into three groups.
- The top performers comprise roughly 20 percent of the workforce, average performers 70 percent and the lowest-performing employees make up about 10 percent of the workforce.

Setting Organizational, Team & Individual Performance Standards

- Every job has its own description of what needs to be done when working in that position. In addition, there are performance standards. They prove how to perform these tasks to do the job well.
- So, when evaluating your employees, you'll compare their performance with predetermined standards – performance standards.



"So, this is the minimum we expect."



The following characteristics will help ensure performance standards are fair and useful. The standards should:

- be based on work performance and objective outcomes
- differentiate between successful and unsuccessful workers
- accurately reflect performance and performance variations
- be measured by someone who is at least partially in control of the person whose performance is being appraised
- be based on observations which are documented and job-related
- recognise the realities of the work to be performed
- draw on a clear, well-written position description
- be aligned to the organisation's strategic and operational objectives
- Be agreed upon by all parties.

The performance standards set out the actions, behaviours or results to be achieved that are necessary for satisfactory performance.

What is the purpose of performance standards?

- Before we explore the purpose of performance standards, let's have a step back and define performance management.
- Performance management is the communication process between employers and employees.
- This process also involves giving feedback to the workers. To know how to conduct their job with success, employees first need to see the performance standards for that position.
- The goal of performance standards is to ensure that both employers and employees are on the same page regarding job expectations. That's why managers need to provide their new employees with the performance standards during the first month of employment.
- Performance standards also equip employees with specific performance outlooks for every skill.



- Furthermore, performance standards foster communication between managers/employers and workers.
- When it comes to evaluations, managers use performance standards as a guideline. Then, they compare employee performance with this fixed pattern. This way, there's an equal evaluation for all employees in the same position.
- Regarding performance standards, all workers are equal and should be treated the same way. According to the U.S. Equal Employment Opportunity Commission, both employees with disabilities and without it, "must meet the same production standards, whether quantitative or qualitative."
- Performance standards should be:
 - specific,
 - achievable,
 - easy to understand,
 - relevant to the position, and
 - easy to measure.
- Once an employer or a manager has evaluated the employees, their expectations can be:
 1. Met – if an employee showed adequate performance,
 2. Exceeded – if the performance is beyond well, and
 3. Not met – if the performance is below the performance standards levels.
- So, in the case of insufficient performance, the employer or supervisor has to issue a Performance Improvement Plan (PIP). The purpose of this document is to help an employee improve his/her performance.
- The PIP happens in the last phase of the performance management cycle – the review phase. In brief, this is the phase when managers track employee performance by conducting evaluations. We mentioned before that this cycle starts with setting performance standards.
- Now, performance management includes three levels within the organization.



What are the three levels of performance?

- Performance management can be focused on the entire organization or its departments. Besides, it can emphasize the performance of individual employees. Thus, there can be three levels of performance management:
 1. strategic performance management,
 2. operational performance management, and
 3. Individual performance management.

Strategic performance management

- The purpose of this level is to achieve overall organizational goals. Thus, this is the highest rank of using performance management standards in the organization.
- To accomplish these objectives, company management strives to answer these questions:
 - Does this company have a strategy for achieving its goals? If so, does the company implement this strategy?
 - Is the organization bringing the expected results?

Operational performance management

- The intention here is to get operational goals. This level focuses on processes within the organization, such as projects or activities. Thus, the intent is to find out if these specific projects/activities are working.
- To reach these objectives, company management has to answer the following questions:
 - Is each department or project fulfilling its targets?



- Are operational activities aligned with the organizational strategy? If so, how do these activities promote organizational strategy?
- Are projects or activities efficient enough or should they be changed?

Individual performance management

- Finally, this level emphasizes the performance of each employee in the company. This process begins with setting work goals and standards, reviewing employee performance, and enhancing learning skills of each employee.
- To carry out these goals, company management needs to get answers to these questions:
 - How are individuals working?
 - How can they boost their performance?
- When reviewing employee's work, performance standards are your point of reference. These standards are vital because they analyze diverse areas of performance. Let's take a look at how to properly determine the performance standards and what to consider when doing so.

What to consider when establishing performance standards?

- To ensure that standards are suitable for a particular position, here are four points you should consider:
 1. Standards need to be motivational.
 2. Standards should not be too easy nor too difficult to achieve.
 3. Let your employees know that you're analyzing their performance.
 4. Establish a trial period.



Standards need to be motivational

- Having motivational performance standards will make workers more inspired to do their job better. Besides, if they're able to see their progress within a project, this will also be their driving force. Thus, they'll be more likely to achieve exceptional levels of performance.
- As a leader, you can encourage your workers to track their working hours. Employee time tracking is beneficial to your employees, too, because they'll be able to review their project progress. So, they'll discover what part of the project they have finished, and what still needs to be done. Moreover, workers will continue with completing their tasks the best they can.

Standards should not be too easy nor too difficult to achieve

- If performance standards contain tasks that are too simple, they'll be too easy to achieve. So, employees won't be motivated because they won't be challenged to finish a particular task.
- On the other hand, performance standards should not be too complicated. If they are, workers will struggle to complete almost every assignment. Therefore, their performance levels may decline.
- But, how do you find the right balance between these two? Be sure that performance standards should be daring enough. That way, workers will have to search for an ideal strategy to finish their tasks. Whenever they succeed, employees will feel that they're working towards accomplishing their goals. Thus, they will be more enthusiastic about their job.

Let your employees know that you're analyzing their performance

- In case there's a new employee, a supervisor has to inform an employee about performance standards that regulate his/her position. Likewise, all the other workers need to know that the company is evaluating their performance.
- So, a manager has to be transparent about performance standards. Throughout the year, leaders should remind employees about these



measures. If workers need an explanation for some part of the standard, managers should provide them with clarification.

Establish a trial period

- As a manager, you don't have to set performance standards by yourself. Let the HR staff help you write down these measures.
- Aside from the HR team, you can also include your team members as well. This step is crucial because your employees may have some concerns about the current measures. If so, adjust these parts of the performance standard.
- Then, you should start testing these new measures by setting a trial period, which can last from six to eight weeks. This way, you'll get straightforward feedback from your employees. Once the trial period is complete, ask your workers if these standards were suitable for them. Again, if there are any current issues, be sure to slightly modify the measures.
- Including your employees in creating performance standards will boost trust between you and them. Moreover, when workers take part in such a process, they'll feel like valued members of the company. Plus, this will increase employee productivity, too.
- We covered some general considerations for creating a performance standard. Now, let's take a look at some practical rules for writing these measures.

How do you create a performance standard?

- Let's say that you and your team want to create a new performance standard for several positions within the team. If you're still unsure how to start and what requirements you should cover, here are a few simple steps to ease this process.

Focus on the position, not individual

- Remember that measures you're writing should be about a position, not an individual. So, if there are four employees in the same position, the performance standards for them should be the same.
- If more than one employee performs the same task, standards should be identical for conducting this particular task. This rule applies even if these workers are in diverse positions within the company.

Decide what tasks should be included in the standard

- You shouldn't incorporate every assignment into the performance measures. Determine what tasks are the most important for each position. Then, write performance standards only for these tasks.
- By choosing the most significant ones, you'll have a brief standard.

Choose parameters that make a performance successful

- To perform a job successfully, employees must meet particular criteria. Here are some indicators of an effective performance:
 - precision,
 - conducting job duties on time,
 - customer satisfaction,
 - showing signs of leadership,
 - being productive,



- showing initiative,
 - showing creativity, and
 - quality of work.
- But, there's more. An employee with the beyond-expectations performance will present qualities such as:
 - professionalism,
 - constantly following professional protocols,
 - their performance is constantly improving,
 - always performing their best,
 - being meticulous,
 - having visionary ideas and solutions, and
 - expressing their own opinions.

Think about the error rates

- Performance standards always have to be clear and specific, so employees could easily work in line with these standards. If you want to evaluate how individuals or teams are performing, you can also do this with Key Performance Indicators (KPI).
- Generally speaking, KPI can help you find out how your company is performing and if it's going towards achieving its goals. As you can imagine, all workers need to align their performance with the company's objectives. Plus, they need to do their job following performance standards.
- But, what happens when an employee presents inferior performance, below the acceptable standards? The above-mentioned Performance Improvement Plan is one of the solutions.
- Before starting with this plan, first, you'll need to decide how many errors are too many. For example, an employee can have a performance below the suitable levels twice. But, if this happens again, you may give him/her an "Improvement needed" rating.
- You may have a different plan for setting error rates. Whatever you choose, just stick to that plan.



Create standards for solid performance first, then the others

- When creating performance standards, begin with positive aspects first. So, you can start by writing down the qualities of a solid performance. Then, continue with the qualities of the above-expected performance.
- Once you have these two categories, focus on indicators that are below the solid levels. You can use phrases like this:
 1. An employee proves a solid performance when...
 2. An employee proves an above-expected performance when...
 3. An employee proves a below-appropriate performance when...
- The in-depth explanation for each sentence will depend on the employee position.
- If you're eager to see how these performance standards look like in practice, keep reading.

Conclusion

- For employees, performance standards are a guideline on how to properly do their job. For managers, these measures are a comparison point when they review employee performance.
- Performance standards need to be specific, easy to understand, and achievable. This way, employees will be motivated to align their performance with the set measures.
- Depending on how employees have performed over the last period, leaders can mark their work as a solid, an above-expected, or a below-appropriate performance. It's up to the manager to decide what's the limit when it comes to unsatisfactory performance.



Methods of evaluating Performance

What is performance evaluation?

Definition

Performance Evaluation is defined as a formal and productive procedure to measure an employee's work and results based on their job responsibilities. It is used to gauge the amount of value added by an employee in terms of increased business revenue, in comparison to industry standards and overall employee return on investment (ROI).

All organizations that have learned the art of “winning from within” by focusing inward towards their employees, rely on a systematic performance evaluation process to measure and evaluate employee performance regularly. Ideally, employees are graded annually on their work anniversaries based on which they are either promoted or are given suitable distribution of salary raises. Performance evaluation also plays a direct role in providing periodic feedback to employees, such that they are more self-aware in terms of their performance metrics.

What is the purpose of performance evaluation?

- Periodic performance evaluation is an employee's report card from his/her manager that acknowledges the work he/she has done in a specific time and the scope for improvement.
- An employer can provide consistent **feedback** on an employee's strengths and strive for improvement in the areas that the employees need to work on.
- It is an integrated platform for both the employee and employer to attain common ground on what both think is befitting a quality performance. This helps in improving communication, which usually leads to better and more accurate team metrics and, thus, improved performance results.
- The goal of this entire process of performance evaluation is to improve the way a team or an organization functions, to achieve higher levels of customer satisfaction.



- A manager should evaluate his/her team member regularly and not just once a year. This way, the team can avert new and unexpected problems with constant work being done to improve competence and efficiency.
- An organization's management can conduct frequent employee training and skill development sessions based on the development areas recognized after a performance evaluation session.
- The management can effectively manage the team and conduct productive resource allocation after evaluating the goals and preset standards of performance.
- Regular performance evaluation can help determine the scope of growth in an employee's career and the level of motivation with which he/she contributes towards the success of an organization.
- Performance evaluation lets an employee understand where does he/she stands as compared to others in the organization.

Performance evaluation process: 3 key steps

Step 1

- In most organizations, a performance evaluation process states that an employee's performance is tracked every three and six months, provided, the employee has worked with the organization continually for that tenure. The HR department can send across an online survey for the employees to fill out regarding their satisfaction and engagement levels.

Step 2

- The employee's immediate manager will decide his/her performance quality after evaluating the yearly performance, conducting an employee engagement survey, and eventually having a face-to-face meeting.

Step 3

- The feedback received from the online employee satisfaction survey can be kept anonymous. This feedback can be analyzed in real-time from a centralized dashboard. On the basis of the analysis, the manager can prepare further questions for the face-to-face performance evaluation meeting.



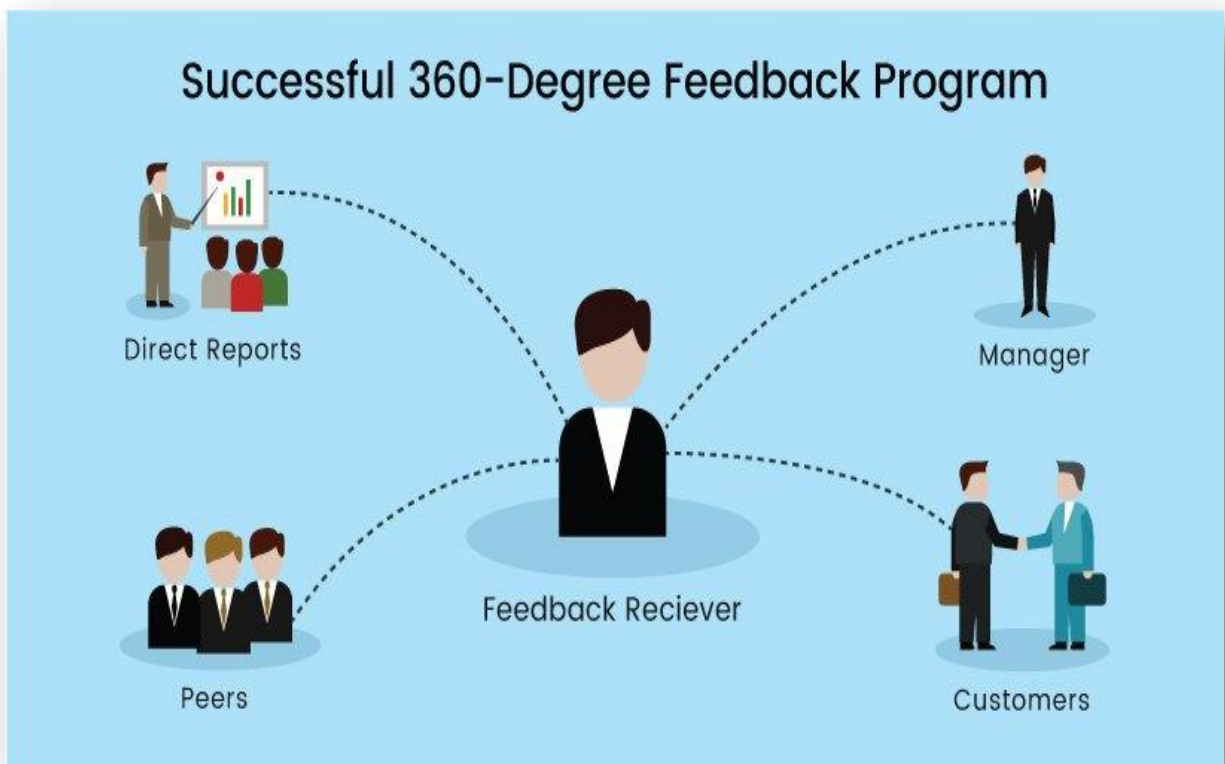
- For a probationary employee to be termed as a tenured employee, he/she must perform as per their supervisor's expectations for six months. The first six months of an employee's tenure are crucial as the management always has a watchful eye on them for all their contribution towards assigned tasks, ownership skills, and punctuality in task completion.
- After confirmation, an immediate manager will evaluate the non-probationary employee on a yearly basis.

Methods for Evaluating Performance

1. **360 Degree Appraisal System**
2. **Competency Mapping**
3. **Competency Modeling**
4. **Balance Score card**
5. **Assessment Center**

1. 360 Degree Appraisal

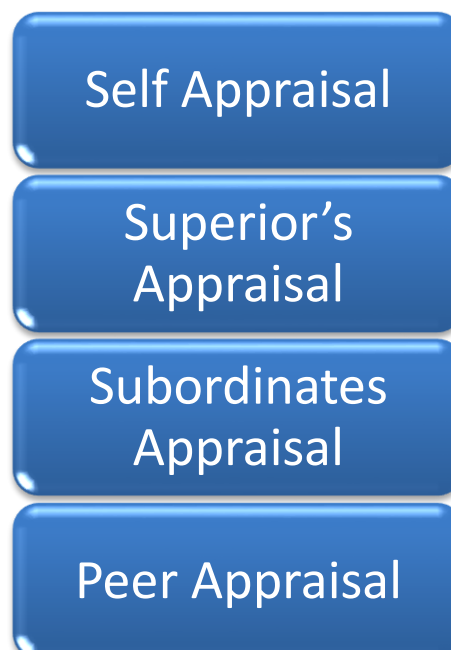
- It is a system in which employees will get feedback from all the people they work with.
- There are about 7 to 12 people who will fill out a form which is usually a feedback form.
- The contents of the form may vary from broad range competencies to work environment.
- This system is used to get an 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.

1. To get a better view of the performance and prospective of future leaders.
 2. To have a broad insight of developmental needs of manpower.
 3. To collect more feedback so as to ensure justice to the job performed by the employees.
- In a 360 degree appraisal system, the feedback is collected from managers, peers, subordinates, customers, team members etc.
 - A survey is conducted to get a close understanding of-on the job performance of the employees.

A 360 degree appraisal has four stages in it:





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 is simple.
- Follow up.



Advantages of 360 degree appraisal

- Offer a more comprehensive view towards the performance of employees.
- Improve credibility of performance appraisal.
- Such colleague's feedback will help strengthen self-development.
- Increases responsibilities of employees to their customers.
- The mix of ideas can give a more accurate assessment.
- Opinions gathered from lots of staff are sure to be more persuasive.
- Not only should the manager make assessments on its staff performance but other colleagues should do, too.
- People who undervalue themselves are often motivated by feedback from others.
- If more staff takes part in the process of performance appraisal, the organizational culture of the company will become more honest.



Disadvantages of 360 degree appraisal

- Taking a lot of time, and being complex in administration
- Extension of exchange feedback can cause troubles and tensions to several staff.
- There are requirements for training and important effort in order to achieve efficient working.
- It will be very hard to figure out the results.
- Feedback can be useless if it is not carefully and smoothly dealt.
- Can impose an environment of suspicion if the information is not openly and honestly managed.

2. Competency Mapping

- Competency approach to job depends on competency mapping.
- **Competency Mapping** is a process to identify key competencies for an organization and/or a job and incorporating those competencies throughout the various processes (i.e. job evaluation, training, recruitment) of the organization.
- A competency is defined as a behavior (i.e. communication, leadership) rather than a skill or ability.



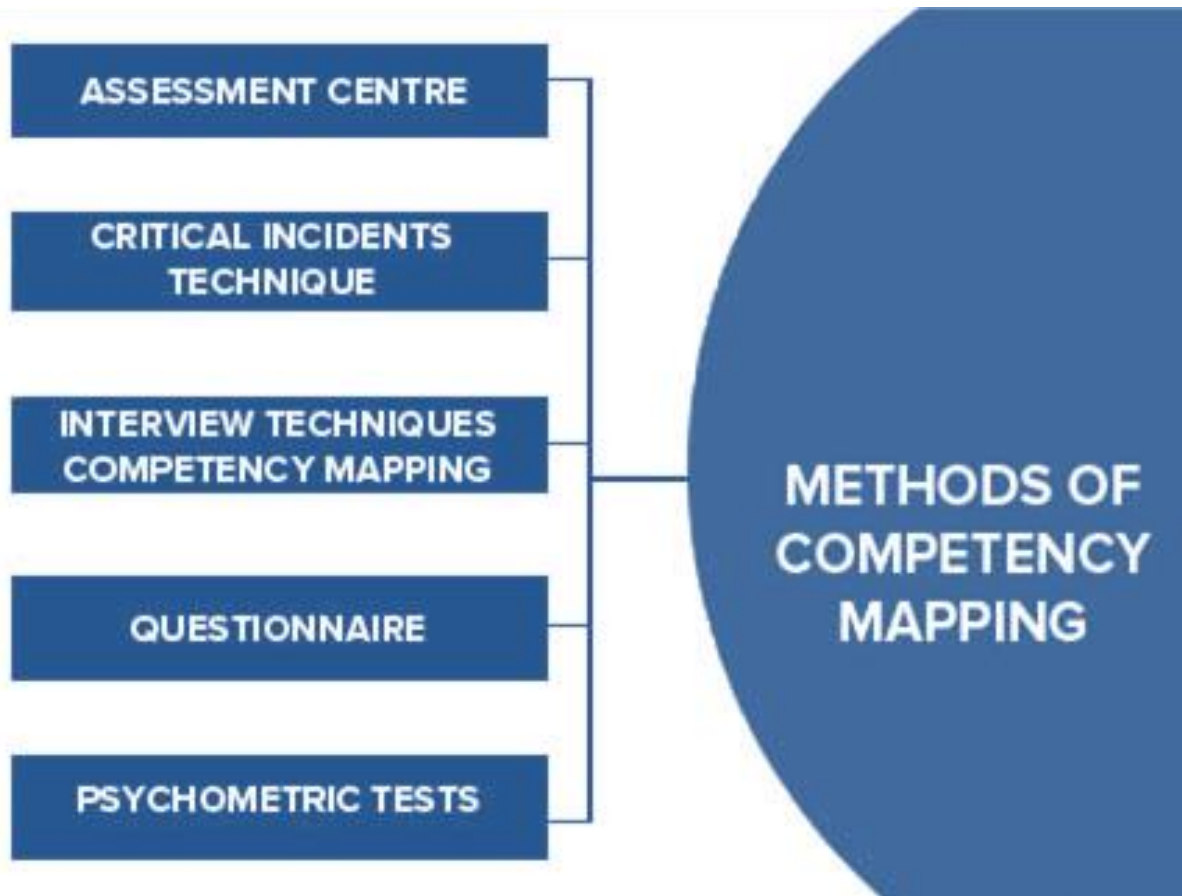
DEFINITION:

According to Boyatzis(1982) “A capacity that exists in a person that leads to behavior that meets the job demands within parameters of organizational environment, and that, in turn brings about desired results”

The steps involved in competency mapping are presented below:

1. Conduct a job analysis by asking incumbents to complete a position information questionnaire(PIQ). This can be provided for incumbents to complete, or used as a basis for conducting one-on-one interviews using the PIQ as a guide. The primary goal is to gather from incumbents what they feel are the key behaviors necessary to perform their respective jobs.
2. Using the results of the job analysis, a competency based job description is developed. It is developed after carefully analyzing the input from the represented group of incumbents and converting it to standard competencies.
3. With a competency based job description, mapping the competencies can be done. The competencies of the respective job description become factors for assessment on the performance evaluation. Using competencies will help to perform more objective evaluations based on displayed or not displayed behaviors.
4. Taking the competency mapping one step further, one can use the results of one's evaluation to identify in what competencies individuals need additional development or training. This will help in focusing on training needs required to achieve the goals of the position and company and help the employees develop toward the ultimate success of the organization.

Methods of Competency Mapping



Assessment Centre

- It is a certain function of identifying the skill & the potential for growth. It uses a few methods to evaluate employees for human resource and manpower purpose & decisions

Critical Incidents technique

- A process of systematically identifying the behaviours that contribute to the success or failure of the competencies in specific situations.



Interview Techniques Competency Mapping

- Every organization has different techniques of interviewing the competencies as a part of competency mapping.

Questionnaire

- A certain technique that is followed by the organization that prepares a list of questions that the users would fill in a return.

Psychometric Tests

- The sole focus of psychometric assessment is that many organizations use as this part of the selection process, where there's a natural wariness about the unknown.

Examples of Competency Mapping

1. Job Evaluation
2. Project Planning
3. Performance Appraisal
4. Success Planning
5. Recruitment



Building Competency Models

For building competency models, there are three ways in which the models may be developed:

- **Behavioral Indicators:** By behavioral indicators, it describes the behaviors, thought patterns, abilities and traits that contribute to superior performance.
- **Evaluation of Competency Levels:** For building the competency model, it is very much required to set exceptional competencies of high performers as standards for evaluating competency levels of employees.
- **Competencies Describing Job Requirements:** When the organizations are having multiple competency models, this approach is useful. The competencies required in a particular job are described and job specific competency models help in structuring focused appraisal and compensation decisions.

Types of Competency Mapping

Broadly, there are **4 types of competency Mapping:**

1. **Intellectual Competencies**
2. **Motivational Competencies**
3. **Emotional Competencies**
4. **Social Competencies**

Intellectual Competencies

- The one who determines with the intellectual ability to deal with the work of a certain individual, the certain work that deals with his/her intellectual skills.

Elements of Intellectual Competencies

- Communication
- Creativity
- Analytical Ability
- Planning & Organizing



Motivational Competency

- The one who determines to increase the level of motivation in an individual to ensure his/her works more efficiently.

Elements of Motivational Competency

- Continuous Learning
- Achievements Orientation
- Time Management
- Perseverance

Emotional Competency

- The one who determines an individual's emotional quotient to build self-confidence & optimism in an individual.

Elements of Emotional Competency

- Optimism
- Initiative
- Managing Stress
- Leadership

Social Competency

- The one who determines with social ability of a person that brings of inter-personal skills & team work.

Elements of Social Competency

- Teamwork
- Responsibility
- Customer Satisfaction
- Inter-personal Skills



Importance of Competency Mapping

Importance of competency mapping are:

- For employees, it **increases the awareness of existing skill**, sets as well as skill gaps in the organization.
- To **ensure that the employees are going in the right direction.**
- To guide the competencies to **increase their productivity.**
- It's an approach to **build trust between the employees.**
- Competency **helps** the employees to **reach the organizational objectives.**
- It avails to **integrate management practices.**

Advantages of Competency Mapping

Advantages of competency mapping are:

- Aids the organizations to **increase their standards of production** and work style.
- Avails the organizations to **align their key strategies across** different departments to have common objectives and accurate results.
- It **helps in understanding the scope & the requirements** of a specific role.
- **Establishes expectations for performance** at different positions of the organizations.
- **Forms an accurate work & job satisfaction** for employees.
- **Growth** in the effectiveness of training & development as its main motive is to succeed with more efficiency.



Disadvantages of Competency Mapping

Disadvantages of competency mapping are:

1. **It can be out of a date at times** because of its inevitable change of pace in the organization.
2. Sometimes, it's of **less use if** the organizations **don't respond properly**.
3. **No room for an individual to work** in a field that would best make use of one's own competencies.
4. Can be **difficult for employees to transform**, few can be good at theory and few can be good at practices. If there is a change in the work of the competencies, the work can be less productive.



3. Competency Modelling

Definition

- A competency model is a framework for defining the skill and knowledge requirements of a job. It is a collection of competencies that jointly define successful job performance.
- Competency models are widely used in business for defining and assessing competencies within organizations in both hard and soft skills. They represent a key component of recruitment and hiring, as well as talent and performance management activities of HR departments.
- Competency assessments often help form the basis for training programs and learning content, both formal and informal.

Overview

- Competency models have emerged as valuable tools employed by human resources and training departments to define skill and knowledge requirements of specific jobs, to assess competencies and performances, and help set business strategy.
- The models can be created for specific jobs, job groups, occupations, industries and organizations. In certain areas such as sales and leadership, necessary competencies have been extensively studied and a broad consensus reached regarding specific skills, attitudes and behaviors needed to succeed.
- Another reason for the growing popularity of competency models is their role in revealing strengths and weaknesses, which benefit the training function.
- Models can take on a variety of forms, but typically include several principal elements:
 - Specific competencies and definitions, such as being a team player
 - Descriptions of activities or behaviors linked to each competency
 - A diagram of the model



- Organizations typically employ the frameworks by arranging knowledge and skill requirements into specific categories, such as personal effectiveness, academic, technical, industry, occupational, management, and workplace competencies.
- The rapid growth of internet-based technologies is also contributing to increased interest in competency modeling. For example, organizations can embed success profiles in talent management processes, learning portals and training processes used to communicate and refresh content.

Best Practices

Effective models also form the basis for linking competency with organizational strategy, an important best practice, training consultants advise. They also enable organizations to link expertise with HR processes, evaluation and often productivity goals.

The Competency Model Clearinghouse, sponsored by the U.S. Department of Labor, recommends that organizations seeking to build competency models follow a five-step process:

- **#1. Gather background information.** That includes cataloging existing resources, organizing resources, comparing contents to the building blocks framework, and determining commonalities for an industry model.
- **#2. Develop a draft competency model framework.** Identify themes and patterns in the information, and relate the information to content areas.
- **#3. Gather feedback from subject matter experts.** If possible, select experts from across geographic and industry sub-sectors to gain the broadest perspective.
- **#4. Refine the framework.** Add or delete competencies as appropriate.
- **#5. Validate the framework.** This essential step ensures acceptance by the target community of users.

Experts also recommend that the models receive sponsorship from senior leaders, aligned to the company's business strategy and culture, based on research and tied to talent management practices.



Types Competency Models

- There is no one single specific set of standards for competency models. Although some themes recur and often are recycled, building a model is somewhat subjective and is based on the overarching company or organizational goals.
- Competency model styles do shift dramatically, based on industry and job types. For example, the model for an engineering consulting firm is very different from that of a warehousing business that has numerous floor workers.
- The education, background, and the skill level all make up the framework for a competency model. Positions that require more advanced skills have a higher level of competency requirements, especially in the skill-specific competency department. While there is flexibility within the competency model framework, here are a few common model types.

➤ **Here are a few common model types;**

- 1. Core Competency Model**
- 2. Job-Specific Model**
- 3. Management Model**
- 4. Competency Model Mapping and Building**



Core Competency Model

- This is the baseline of competencies required to function well within the company, organization or government. The core competencies reflect the underlying values, and they're necessary to represent the organization.
- A politically motivated nonprofit group for example, will have a set of core competencies that reflect the value and belief system inherent in the organization. These core values are critical and opposing views will not work well and ultimately will represent the organization poorly.
- There may also be a core set of skills that are mandatory to perform basic job functions.
- In a physical labor work environment, one core competency may be the ability to lift a certain amount of weight repeatedly throughout the day.
- Others can include the ability to bend, stoop and work through heat, cold, wind and adverse conditions.
- Failing to meet these basic competency requirements can exclude individuals from the job as they are simply not qualified.

Job-Specific Models

- The job specific competency model revolves around performing job specific actions with a high level of aptitude.
- A backhoe operator should know how to dig footings and level a building pad, and an electrician must know how to wire a house while grounding everything properly and setting up circuit breakers to protect the electrical system.



- Each individual skill held by the candidate is a competency.
- In many instances, a candidate will have competencies that fall outside of the model.
- In some cases, these can make them a stronger candidate and in others the additional competencies are irrelevant because they do not stand to improve the performance or capacity on the job.
- Job specific models often lay out each element of previous experience, training, and education that are applicable and fit within the bounds of the model.
- Matching competencies in this manner pre-qualified employees and limits on the job training.
- In some cases, training is required on the job but the competency model remains relevant because the individual will meet the model after training. The model can serve as a goal in this manner.

Management Models

- Management models have some crossover with job specific models.
- At the management level, it is assumed that individuals are well established with the core competency models and in some cases even had a hand in creating these models.
- The management specific models differ in that they require leadership skills and the ability to define other competency requirements for each job role and aspect of the business.
- Management is responsible for ensuring the correct competencies are being required and successfully implemented and performed.



- This means the management level will require a broader set of competencies that encompass everything they manage and oversee.
- The management model is very specific and requires a level of enforcement that is not present in most job specific and core competency models within an organization.

Competency Model Mapping and Building

- When it comes to actually building a competency model, the process is somewhat subjective.
- Some companies choose to build models that are intended to adapt and change with regularity.
- These agile models are meant to be a response to market changes while creating and evolving enterprise.
- Other organizations will use models that are more static, as they have very consistent job requirements and functions that require reliability and stability in the model.
- Building a model starts by defining what the model should accomplish. With this primary objective in place, the organization can move into a research phase to uncover competencies that have traditionally proven effective and productive.
- This starts by collecting any available information and existing competency models from similar business models and organizations.
- It also requires a brainstorming session to list core competencies and competencies for specific job roles, based on your best employees.
- Make a list of the competencies they possess that produce regular results on the job.



- Make another list of desired competencies to build out your dream employee.
- Keep in mind what the job role is, and avoid being completely unrealistic.
- There must be some boundaries or you will fail to find qualified applicants.
- After doing the brainstorming session, it's time to build the outline and refine your model.



4. Balance Score Card

Kaplan & Norton's Balanced Scorecard model was developed in the early 1990's as an attempt to help firms measure business performance using both financial and non-financial data.

The aim of the Balanced Scorecard was "to align business activities to the vision and strategy of the business, improve internal and external communications, and monitor business performance against strategic goals."

The balanced scorecard provides a relevant range of financial and non-financial information that supports effective business management.

Background to the Balanced Scorecard:

- No single measures can give a broad picture of the organization's health.
- So instead of a single measure why not use a composite scorecard involving a number of different measures.

Kaplan and Norton devised a framework based on four perspectives – financial, customer, internal and learning and growth.

- The organization should select critical measures for each of these perspectives.

4 Perspective of Balance Scorecard





Learning and Growth

- "To achieve our vision, how *will we sustain our ability to change and improve?*"
- This perspective involves staff learning and training in order to improve the knowledge resource.
- Managers should be able to identify where they should be investing their funds for personnel development, not just through training but through mentor schemes and improving communication amongst staff.

- Considerations for measurement include:
 - Job satisfaction
 - Employee turnover
 - Levels of specialist knowledge and skills
 - Training opportunities

Internal Business Processes

- "*To satisfy our shareholders and customers, what business processes must we excel at?*"
- This perspective allows managers to see how well their business is performing based on whether their products and services are meeting the needs of their customers. Carefully designed metrics will be needed to monitor this area.
- Considerations for measurement include:
 - Activities per function
 - Process alignment
 - Process automation



Customers:

- *"To achieve our vision, how should we appear to our customers?"*
- For those of you aware of the marketing orientated business, opposed to the sales orientated businesses of the past, will know that customer satisfaction is now more and more at the forefront of every marketer, and therefore every business's mind. Marketers know that poor performance in this area leads to customers switching to alternative suppliers and if this is not addressed a future decline could continue.
- Considerations for measurement include:
 - Customer satisfaction rate
 - Customer retention
 - Delivery performance
 - Quality performance

Financial:

- *"To succeed financially, how should we appear to our shareholders?"*
- At the start of this post we said that the balanced scorecard was a useful tool as it looks at areas other than finance to judge the performance of a business. This does not mean however that traditional financial metrics should be ignored and that is why they make up the fourth perspective. Financial metrics are still important to see exactly how profitable the business is.
- Considerations for this perspective include:
 - ROI
 - Cash flow
 - Financial results
- By implementing a balanced scorecard in your business you can hope to achieve improved processes and customer satisfaction, more motivated staff and clear positive financial results.



- You can see the benefits of using this tool, it helps to give a balanced overview of your company measuring it against its own mission and vision. It can be quite simple to design and implement as actions are directly matched to the desired outcomes. This is a tool which can be used for short, mid and long term performance measurement.
- It is worth noting that there may not be one scorecard for the entire company but many scorecards for each department for example, which must come together in whatever reporting method preferred by your business. This will also encourage cross departmental integrated communications and the sharing of information to benefit everyone.



The scorecard produces a balance between:

1. Four key business perspectives: financial, customer, internal processes and innovation.
2. How the organization sees itself and how others see it.
3. The short run and the long run.
4. The situation at a moment in time and change over time

Advantages of using the balanced scorecard

- Helps companies focus on what has to be done in order to create a breakthrough performance
- Acts as an integrating device for a variety of corporate programmes
- Makes strategy operational by translating it into performance measures and targets
- Helps break down corporate level measures so that local managers and employees can see what they need to do well if they want to improve organizational effectiveness
- Provides a comprehensive view that overturns the traditional idea of the organization as a collection of isolated, independent functions and departments

Drawbacks of the balanced scorecard model

- A danger that a business will have too many performance indicators
- Need to have balance between the four perspectives – not easy
- Senior management may still be too concerned with financial performance
- Needs to be updated regularly to be useful



MCQs

<u>Sr.no</u>	<u>Question</u>	<u>Answer</u>
1.	_____ is a process wherein the supervisor ensures that the employee is progressing towards the goals and objectives established during goal setting.	Performance monitoring
2.	Performance monitoring is a process wherein the supervisor ensures that the employee is progressing towards the?	goals and objectives established during goal setting
3.	Who makes sure that the work is being accomplished in accordance with the standards established at the beginning which acts as a benchmark and provides regular feedback to keep the employee on track?	supervisor
4.	The supervisor makes sure that the work is being accomplished in accordance with the standards established at the beginning which acts as a benchmark and provides regular feedback to keep the employee on track. True / False?	True
5.	Focusing on employee performance helps businesses and helps the employees to unleash their?	full potential
6.	Focusing on _____ helps businesses and helps the employees to unleash their full potential.	employee performance
7.	What has positive effects on morale and the quality of work produced?	Performance monitoring



8.	Performance monitoring has positive effects on morale and the quality of?	work produced
9.	The quality of work done by employees is a key indicator of?	performance
10.	The quality of work done by employees is a _____ of performance.	key indicator
11.	what make or break a company?	Trust and consistency
12.	Trust and consistency are what _____ a company	make or break
13.	In organizations, a performance monitoring plan is a critical tool for planning, managing, and documenting data collection. True / False?	True
14.	In organizations, a performance monitoring plan is a critical tool for?	planning, managing, and documenting data collection
15.	Employee performance monitoring is a part of a wider performance_____.	management strategy
16.	What is a part of a wider performance management strategy.	Employee performance monitoring
17.	Companies that implement regular employee feedback have turnover rates ____lower than companies that receive no feedback.	14.9%
18.	Companies that implement regular employee feedback have _____ 14.9% lower than companies that receive no feedback.	turnover rates



19.	What plays a crucial role in the success of an organization, but ensuring effective accountability isn't easy.?	Accountability
20.	Accountability plays a crucial role in the success of an organization, but ensuring effective accountability isn't easy. True / False?	True
21.	What defines a company's mission, values, and goals, and ensures each individual understands their role within that?	Effective accountability
22.	Effective accountability defines a company's mission, values, and goals, and ensures each individual_____.	understands their role within that
23.	Appreciating your employees and saying that they are doing a good job, boosts their_____.	morale
24.	Appreciating your employees and saying that they are doing_____, boosts their morale.	a good job
25.	What consists of a standardized evaluation of behavior based on multiple evaluations including: job-related simulations, interviews, and/or psychological tests?	Assessment Center
26.	An Assessment Center consists of a standardized evaluation of behavior based on multiple evaluations including?	job-related simulations, interviews, and/or psychological tests
27.	An assessment center is a method that many organizations use to identify management potential and determine candidate's suitability for higher functional positions. True / False?	True



28.	An assessment center is a method that many organizations use to ?	identify management potential and determine candidate's suitability for higher functional positions
29.	Assessment centres are a series of exercises commonly used by _____ to test skills not readily assessable from an interview alone.	employers
30.	Assessment centres are a series of exercises commonly used by employers to test skills not readily assessable from an?	interview alone
31.	What mainly focuses on performing well at performance related exercises that bring out the actual work situations & activities?	Assessment centre
32.	The Assessment centre mainly focuses on performing well at performance related exercises that bring out the actual work situations & activities. True / False?	True
33.	The use of assessment centre is mainly for?	HR department
34.	The use of assessment centre is mainly for HR department, because HR Department looks after required and _____	actual skill sets of candidates and then selects them
35.	Assessment centres also facilitate training and development _____ for a candidate.	need identification
36.	Assessment centres also facilitate training and development need identification for a?	candidate
37.	Using the assessment center method, candidates are tested for the qualities required for a?	certain position
38.	Using which method, candidates are tested for the qualities required for a certain position.	assessment center



39.	Which method in the assessment Centre also known as the in-tray exercise method?	In basket exercise
40.	In basket exercise method in the assessment Centre also known as ?	in-tray exercise method
41.	A case study in the assessment centre method is projected by giving case studies to the competencies that is giving them reports, situations to deal with and come up with accurate results.	
42.	A _____ in the assessment centre method is projected by giving case studies to the competencies, that is giving them reports, situations to deal with and come up with accurate results.	case study
43.	Role-play exercise used in assessment Centre works in such a way that the employers would keenly observe the competencies by giving them role-play to see how would they cope up with the work situation. True / False?	True
44.	_____ used in assessment Centre works in such a way that the employers would keenly observe the competencies by giving them role-play to see how would they cope up with the work situation.	Role-play exercise
45.	What in an assessment Centre is executed with a small group of competencies?	Group discussion
46.	Group discussion in an assessment Centre is executed with a?	small group of competencies
47.	The projective technique under assessment centre method is a series of ?	relatively Project issues, concerns organization.



48.	Which technique under assessment centre method is a series of relatively Project issues, concerns organization?	projective
49.	KRA stands for ?	Key Result Area
50.	KPI stands for?	Key performance indicator
51.	What is a quantifiable metric that reflects how well an organization is achieving its stated goals and objectives?	A Key Performance Indicator (KPI)
52.	A Key Performance Indicator (KPI) is a quantifiable metric that reflects how well an organization is achieving its stated goals and objectives. True / False?	True
53.	KPIs typically consist of any combination of?	reports, spreadsheets, or charts
54.	What typically consist of any combination of reports, spreadsheets, or charts?	KPIs
55.	KPIs link organizational vision to?	individual action
56.	KPIs link _____ to individual action.	organizational vision
57.	“Key Result Areas” or KRAs, also called ?	“Key Performance Areas” (KPA)



58.	Application of KRAs consists?	Recruitment and Selection Planning Training & Development Organizational Structuring Succession Planning Performance Evaluation
59.	Goals, objectives, KRAs, and KPIs come together under the banner of?	Performance Management
60.	What come together under the banner of “Performance Management”?	Goals, objectives, KRAs, and KPIs
61.	Performance measurement is the process of _____ regarding the performance of an individual, group, organization, system or component.	collecting, analyzing and/or reporting information
62.	What is the process of collecting, analyzing and/or reporting information regarding the performance of an individual, group, organization, system or component?	Performance measurement



63.	Definitions of performance measurement tend to be predicated upon an assumption about why the performance is being measured. True / False?	True
64.	Definitions of performance measurement tend to be predicated upon an assumption about why the performance is?	being measured
65.	What is used by organizations to manage the implementation of corporate strategies?	Balanced scorecard
66.	Balanced scorecard is used by organizations to manage the implementation of ?	corporate strategies
67.	Which is a method for choosing important/critical performance measures, usually in an organizational context	Key performance indicator
68.	Key performance indicator is a method for choosing important/critical performance measures, usually in an ?	organizational context
69.	Methods used to measure Employee Performance	Graphic rating scales Management by objectives Forced ranking



70.	What are ideal for production-oriented work environments, as well as for other workplaces that move at a fast pace, such as those found in the food and beverage industry?	Graphic rating scales
71.	Graphic rating scales are ideal for production-oriented work environments, as well as for other workplaces that move at a fast pace, such as those found in the food and beverage industry. True / False?	True
72.	What are useful for measuring the performance of employees in supervisory or managerial positions?	Management by objectives, or MBOs
73.	Management by objectives, or MBOs, are useful for measuring the performance of employees in which positions?	supervisory or managerial
74.	What measures employees' achievements against those of their peers, instead of comparing the employee's current evaluation period against the employee's own past performance?	Forced ranking
75.	Forced ranking measures employees' achievements against those of their ?	peers
76.	What are set out the actions, behaviours or results to be achieved that are necessary for satisfactory performance?	The performance standards
77.	The performance standards set out the actions, behaviours or results to be achieved that are necessary for?	satisfactory performance
78.	Performance standards also equip _____ with specific performance outlooks for every skill.	employees



79.	What also equip employees with specific performance outlooks for every skill?	Performance standards
80.	Performance standards should be:	specific, achievable, easy to understand, relevant to the position, and easy to measure.
81.	What are the three levels of performance?	strategic performance management, operational performance management, and Individual performance management.
82.	What is defined as a formal and productive procedure to measure an employee's work and results based on their job responsibilities.	Performance Evaluation
83.	Performance Evaluation is defined as a formal and productive procedure to measure an employee's work and results based on ?	their job responsibilities
84.	Methods for Evaluating Performance includes...	360 Degree Appraisal System, Competency Mapping, Competency Modeling, Balance Score card, & Assessment Center
85.	What is a system in which employees will get feedback from all the people they work with?	360 Degree Appraisal System
86.	360 Degree Appraisal System is a system in which employees will get feedback from?	all the people they work with



87.	In a 360 degree appraisal system, the feedback is collected from ?	managers, peers, subordinates, customers, team members etc.
88.	In which system, the feedback is collected from managers, peers, subordinates, customers, team members etc.?	360 degree appraisal
89.	Competency approach to job depends on?	competency mapping
90.	Which approach to job depends on competency mapping?	Competency approach
91.	_____is a process to identify key competencies for an organization and/or a job and incorporating those competencies throughout the various processes	Competency Mapping
92.	Competency Mapping is a process to identify key competencies for an organization and/or a job and incorporating those competencies throughout the various processes True / False?	True
93.	Which model is a framework for defining the skill and knowledge requirements of a job. It is a collection of competencies that jointly define successful job performance?	competency model
94.	A competency model is a framework for defining the skill and knowledge requirements of a job. It is a collection of competencies that jointly define?	successful job performance
95.	What often help form the basis for training programs and learning content, both formal and informal?	Competency assessments



96.	Competency assessments often help form the basis for training programs and learning content, both _____.	formal and informal
97.	Competency model styles do shift _____, based on industry and job types.	dramatically
98.	Competency model styles do shift dramatically, based on?	industry and job types
99.	Kaplan & Norton's Balanced Scorecard model was developed in the _____ as an attempt to help firms measure business performance using both financial and non-financial data.	early 1990's
100.	Kaplan & Norton's Balanced Scorecard model was developed in the early 1990's as an attempt to help firms measure business performance using both financial and non-financial data. True / False?	True