





Document Information

Analyzed document	Performance Management and Reward Systems Block 3.pdf (D168148775)
Submitted	5/24/2023 6:28:00 AM
Submitted by	Satyaraj
Submitter email	cwplan@icfaiuniversity.in
Similarity	3%
Analysis address	cwplan.ibsh@analysis.arkund.com

Sources included in the report

W	URL: https://ebin.pub/making-the-team-a-guide-for-managers-fifth-edition-9780132968089-1292060786-9... Fetched: 2/20/2022 2:36:23 AM	 2
W	URL: https://www.forbes.com/sites/forbeshumanresourcescouncil/2022/01/24/16-tips-to-transform-emplo... Fetched: 5/24/2023 6:30:00 AM	 4
W	URL: https://news.bloomberglaw.com/esg/executive-pay-tied-to-esg-goals-grows-as-investors-demand-action Fetched: 5/24/2023 6:30:00 AM	 1
W	URL: https://silo.pub/armstrongs-handbook-of-reward-management-practice-improving-performance-throu... Fetched: 4/9/2021 4:42:02 AM	 6

Entire Document

Performance Management and Reward Systems Block 3 PERFORMANCE MEASUREMENT OF INDIVIDUALS, TEAMS AND ORGANIZATIONS UNIT 7 Measuring Individual Performance 1-17 UNIT 8 Measuring Team Performance 18-32 UNIT 9 Measuring Organizational Performance 33-52
Editorial Team Dr. PVL Ramana Dr. Musarrat Shaheen IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Dr. Radha Mohan Chebolu Dr. Sheela Rosalyn IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Content Development Team Dr. Anuradha Chavali Prof. R. Muthukumar IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Dr. K. Veena Dr. Asha Binu Raj IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Dr. Chetna Priyadarshini Dr. P K Mulay IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Proofreading, Language Editing and Layout Team Ms. M. Manorama Mr. K. Venkateswarlu IFHE (Deemed-to-be-University), Hyderabad IFHE (Deemed-to-be-University), Hyderabad Ms. C. Sridevi IFHE (Deemed-to-be-University), Hyderabad © The ICFAI Foundation for Higher Education (IFHE), Hyderabad.

100%

MATCHING BLOCK 1/13

W

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system,

used

in a spreadsheet, or transmitted in any form or by any means – electronic, mechanical, photocopying or otherwise – without prior permission

in writing from The ICFAI Foundation for Higher Education (IFHE), Hyderabad. Ref. No. PMRS-SLM-IFHE – 042022 B3 For any clarification regarding this book, the students may please write to The ICFAI Foundation for Higher Education (IFHE), Hyderabad specifying the unit and page number. While every possible care has been taken in type-setting and printing this book, The ICFAI Foundation for Higher Education (IFHE), Hyderabad welcomes suggestions from students for improvement in future editions. Our E-mail id: cwfeedback@icfaiuniversity.in

Centre for Distance and Online Education (CDOE) The ICFAI Foundation for Higher Education (Deemed-to-be-University Under Section 3 of UGC Act, 1956) Donthanapally, Shankarapalli Road, Hyderabad- 501203

iii

BLOCK 3: PERFORMANCE MEASUREMENT OF INDIVIDUALS, TEAMS AND ORGANIZATIONS

The third block on the course on Performance Management and Reward System (PMRS)

deals with performance management of individuals, teams and organizations. The block contains three units. Unit seven deals with measurement of individual performance. Unit eight explains measurement of the team performance. Unit nine takes a look at

measuring organizational performance. Unit seven, Measuring Individual Performance, explains the linkage between performance, efficiency, effectiveness and productivity for measuring performance of an employee. It deals with the importance of setting up performance standards and identification of methods of measurement. It also deals with both negative and positive impacts of performance appraisals on individuals. Unit eight, Measuring Team Performance, deals with teams and their performance measurement. It starts with a discussion on different types of teams and their purposes and then explains the required actions to create the culture of team work. Various methods of rewarding teams are also discussed. The unit ends with various methods of motivating employees in high performance organizations. Unit nine, Measuring Organizational Performance, begins with setting goals and objectives for organizations. Important organizational performance measures (Balanced score card, EVA and financial ratios) and models (Malcolm Baldrige awards and EFQM) are discussed in the unit. The unit ends with a discussion on high performing organizations and how they have excelled in their performance.

Unit 7 Measuring Individual

Performance Structure 7.1 Introduction 7.2 Objectives 7.3 Aims of Individual Performance Appraisal 7.4 Performance Appraisal Process 7.5 New Trends in Performance Appraisal 7.6 Performance Review Meetings 7.7 Feedback and Evaluation 7.8

Impact of Appraisal on Individuals 7.9

Summary 7.10 Glossary 7.11 Self-Assessment Test 7.12 Suggested Readings/ Reference Material 7.13 Answers to Check Your Progress Questions "

The

most basic problem is that performance appraisals often don't accurately assess performance." - W. Edwards Deming 7.1 Introduction As has been touted by W. Edwards Deming from managers not being trained to conduct performance appraisals effectively to the failure to tie performance appraisal expectations to desired business results, organizations are often challenged to use this tool effectively. In the previous unit, we have discussed about evaluating the performance management systems along with the methods of performance monitoring. A really effective performance management program is closely entwined with the needs of the organization and looks at talent development as central to the conversation, as well as embracing regular discussion and feedback. Knowledge, skill and ability are the key factors for measuring performance of an employee. By following a systematic performance appraisal, managers can improve job satisfaction and inter-personal relationship within the organization.

Block 3: Performance Measurement of Individuals, Teams and Organizations 2

This unit focuses on the objective of individual performance appraisal, the process for the same and the new trends in performance appraisal. The feedback and evaluation mechanism and the impact of appraisal on individuals is also discussed. 7.2

Objectives After studying this unit, you should be able to: ? Explain the

performance appraisal process ? Enlist the importance of self-appraisal in measuring individual performance ? Describe the process of performance review meetings ? Enumerate the new trends in performance appraisal ? Analyze the objectives and process of performance review meetings ? Examine the positive and negative impact of performance appraisal on individuals

7.3 Aims of Individual Performance Appraisal

Individual performance appraisal helps to evaluate their actual competence. The performance of an employee has to be observed and evaluated since his effort is the contribution made by him in achieving the organizational objectives. The objectives of individual performance appraisal are the following: ? Performance appraisal provides objective evaluation for deciding employee awards and incentives ? Personnel appraisal data is helpful in man power planning and determination of career path and possible future vacancies ? Performance appraisal provides basis for promotion ? Effective performance appraisal removes work alienation ? Appraisal helps to create uniform work culture in organization ? Appraisal helps to improve communication.

Example The performance appraisal of Netflix is built on the core idea of "context not control". This means that the managers should give employees an understanding of context to enable autonomy and sound decisions. Rather than setting goals in isolation, managers make their employees aware of the goals, their link to the organization, relative priority of the goal and the level of refinement required to be successful. For more details, check out <https://about.netflix.com/> (accessed on 14/04/2022)

Unit 7: Measuring Individual Performance 3 7.4

Performance Appraisal Process The performance appraisal process consists of five steps namely fixing performance standards, communicating the standard to all concerned, setting up targets, measuring techniques of performance and self-appraisal. The same has been discussed below.

Activity 7.1 Imagine you are the Production Manager of a manufacturing company. For the performance appraisal period 2015-16, you wished to prepare a statement on the effective or ineffective behaviour of your employees as a part of performance evaluation. List out the appropriate and inappropriate behaviours of employees when there was a breakdown of machine and an accident that took place during the year.

7.4.1 Fixing Performance Standard

Establishment of performance standard for individual employee is difficult since a set of fixed criteria may not suit everybody. With the advent of globalization, technological advancements and growth of knowledge-based information enabled economies, the conventional concepts of performance standards have undergone significant changes. According to Cummings and Schwab, performance standard can be fixed when 'meaningful and challenging goals can be established and accomplished'. Accordingly, they suggested a three-step contingency approach to suit various employees for fixing performance standard.

Step 1: Development Action Program (DAP) In DAP, the standard is fixed based on Management by Objectives (MBO). Feedback is collected based on task completed against specific objectives.

Step 2: Maintenance Action Plan (MAP) Here, individual standards cannot be assigned since the work will be of general nature. Here, the performance standard is fixed based on their past performance and records.

Step 3: Remedial Action Programme (RAP) RAP is designed for employees who need remedial action on their poor performance. Some persons may need additional training or introduction of new working techniques and tools. This is a time bound programme where appropriate training should be given and periodic feedback must be collected.

Block 3: Performance Measurement of Individuals, Teams and Organizations 4 7.4.2

Communicate the standard to all concerned Written documents are to be prepared for the standards fixed for each category of personnel. This should be properly communicated through training workshops. Such documents should be made easily accessible to the persons concerned and are to be updated periodically.

7.4.3. Setting up Targets

Targets depend on individual motivation levels. We cannot fix same performance standard for all employees. Targets should be meaningful, attainable and meet organizational as well as individual objectives. For setting up targets, following aspects have to be considered.

- The Whole Man Concept:** Man is a social animal and has infinite capacity to think, imagine, foresee and invent. As an employee, he can be business like, rational, matter of fact, productive and effective. As a human, he can be motivated to enhance his performance. As a social being, he likes to maintain interpersonal skills. These aspects are mixed together to make him a whole man. When we set up targets, these individual differences should be considered. Tasks should be selected to suit his personality so as to satisfy both individual and organizational objectives.
- Hawthorne Effect:** Elton Mayo emphasized the importance of human aspects of employee performance. Through Hawthorne studies, he showed that the interplay of feelings, attitudes and sentiments play a vital role in the performance of an individual. The Hawthorne studies said behaviour pattern and performance of a person at workplace is influenced by work environment, social and psychological factors.
- Empowerment of Employees:** Aligning the individual objectives with the organizational goals lead to empowerment of the employees. This needs competence which can be gained through proper training and supervision. Sustainable performance is possible when the employee is assured his good performance will be rewarded and the reward is worth the effort.
- Specific:** Target should be specified in quantity, quality and time frame. It must be ensured that the employee concerned has clearly understood his task and role. When assigning the task, it should be ensured that the task is compatible with the job description and job specification of the individual.
- Team Work:** When working in a team, the satisfactory performance of individual role is not only necessary to meet the organizational objectives, but also affects the performance of other team members. The individual has an additional responsibility to ensure that his performance will assist satisfactory performance of task assigned to other team members. While evaluating the performance, the ability of individual to work in a team is an important criterion.

Unit 7: Measuring

Individual Performance 5 7.4.4

Measuring techniques of performance Some of the popular performance measuring techniques are discussed here: a.

Essay appraisal: This is a simple method where a write up /essay covers the employee's strength, weakness, past performance, and suggestions for improvement. b. Critical incident method: In this method, employees' past performance is critically examined by the appraiser. Key behaviors are identified which made a difference between doing the job effectively or otherwise. Instead of assessing individual's personality attributes, specific behavior is in focus here. c. Check list method: In this method, a check list of behavior descriptions is pre- arranged and each employee is evaluated against the list. Weightages are allocated for each attribute in the list to finally arrive at total points obtained. d. Graphic rating scale method: This is a very popular method where a group of attributes are listed along with degrees on a 5-pt or 7pt scale. The appraiser ticks against appropriate degree for each attribute and the total points are added. e. Forced choice method: This is a special type of check list where the appraiser has to choose between different desirable attributes to become successful in the given job. The comparison is made between two attributes at a time and the total score is added. Having identified the weightage for each attribute, the next step is to evaluate the performance of individual and assign marks based on the prefixed weightage scale. f. Behaviorally anchored rating scales (BARS): This method includes the advantages of Critical Method and Graphic Rating Scaling Method. Here, actual behavior of employee is rated rather than personality traits. Each such behavior pattern is further rated against degrees on point scale. g. Relative appraisal method: In this case, the performance of a group of individuals working in the same job is compared and graded. As we already know, the method of grading is four types namely the group order ranking, individual ranking, paired comparison method and MBO method 7.4.5 Self-Appraisal Self-appraisal is a process where the individual reviews his/her own performance. The salient features of self-appraisal are as follows: ? It ensures mutual understanding of common objectives of the company ? It provides opportunity to the appraisee to give explanation on performance or non-performance of his task ? It provides better opportunity for the assessor to get the factual position in the field of activities such as restrictions and constraints which are beyond the level of the employee.

Block 3: Performance Measurement of Individuals, Teams and Organizations 6

However, self-appraisal report should not justify individual failures or should not be a platform for blaming or showing dissatisfaction. Exhibit 7.1 illustrates about the performance appraisal process at Wipro. Exhibit 7.1: Performance Appraisal at Wipro Wipro undertakes a rigorous performance appraisal process on a regular basis to align its workforce with the business objectives, strategic priorities of the company and client requirements. ? Goals and Objectives setting (G&O) is the first step of performance management system at Wipro. ? Wipro runs an evaluation system where feedback is frequent and quarterly and the appraisal is an ongoing coaching based process rather than an annual exercise. ? Wipro follows GP rating where G stands for process/performance of an employee over a period of time and P stands for personal effectiveness. ? Wipro makes use of normalization methods to reduce biasness in the appraisal process. The primary objective of performance appraisal at Wipro is identifying the training needs and filling the performance gaps. Further retention of the employees is of utmost importance while formulating policies regarding PMS in the company. Comprehensive performance evaluation includes mentoring, re-training and upskilling of the employees. Source: <https://www.wipro.com/> (

accessed on 14/4/2022) Check Your Progress - 1 1. Which of the following is

the key factors for measuring performance of an employee? a. Skill, knowledge and ability b. Interpersonal skill c. Conceptual skill & technical skill d. Culture e. Innovative skill 2. Standards are fixed on the basis of which of the following elements in development action programme? a. TQM b. MBO c. Kaizen d. JIT e. TQL

Unit 7: Measuring Individual Performance 7 3.

Who among the following was the advocator of Hawthorne effect? a. Maslow b. Kurt Lewin c. Elton mayo d. Garry e. Cumming 4. Cummings and Schwab suggested a three-step contingency approach to suit various employees for fixing performance standard. Which of the following is the third step of the approach? a. Remedial Action Programme (RAP) b. Development Action Programme (DAP) c. Maintenance Action Plan MAP) d. Development oriented Plans (DOP) e. Action oriented Plans (AOP) 5. In which method of performance appraisal employees' past performance is critically examined by the appraiser? a. Essay appraisal b. Graphic rating method c Checklist method d Critical incident method e. Forced choice method 6. Which of the following is assessed in BARS method of appraisal? a. Actual behaviour of employee is rated b. Group of attributes are assessed c. Soft skills are assessed d. Past performance is evaluated e. Assessment is based on tests 7.5 New Trends in Performance Appraisal

75%

MATCHING BLOCK 2/13

W

As hybrid and remote work solutions continue to become the new norm post Covid 19 pandemic, many organizations would rethink how to adjust what used to be an in-person employee annual review process

to accommodate more people working from home on a regular basis. 1 The future trends in performance appraisal can be enumerated as: ? There is more emphasis on developing a feedback culture. It would eliminate

100%**MATCHING BLOCK 3/13****W**

surprises, supports performance and makes the review process less daunting for all. 1

<https://www.forbes.com/sites/forbeshumanresourcescouncil/2022/01/24/16-tips-to-transform-employee-performance-evaluations-in-2022/?sh=7653027c7f1c> (accessed on 14/04/2022)

Block 3: Performance Measurement of Individuals, Teams and Organizations 8 ?

77%**MATCHING BLOCK 4/13****W**

An effective performance management model is being layered to the nature and business expectations of the role. Depending on the position scope,

individual and team rewards are being decided in line with the financial results and strategic performance. ? There has been a revision in the performance indicators with values finding their place. ? Most of the organizations are considering bottom-up refinement of review process to ensure buy-in and clear expectation management. ? The organizations have been inclined towards creating

100%**MATCHING BLOCK 5/13****W**

more meaningful and real-time feedback with simpler, more frequent and more organic

conversation. ? The managers are being trained about the process of the appraisal, mutually agreed realistic goals are set and transparency is ensured which goes a long way in building trust. ? A consistent policy on rating is being established to bring about a uniformity in the standards for performance evaluations. One needs to understand the recent approaches to performance appraisal. The same has been discussed below. 7.5.1 Achievement Orientation Approach The underlying philosophy of this approach is that the organization's success depends on contribution by each and every employee of the system. This is an employee oriented approach where all efforts are made to bring out the best out of each individual by improving his performance continuously. In other words, the focus is on achievement motivation. Individual performance can be improved through continuous training initiated by individual as well as organization. Employee's effort on skill development is encouraged through training and development for which additional credit is awarded. Example McDonald's Corp. announced in 2021 that it would tie 15% of executives' bonuses to meeting targets that include diversity and disclosing data on the racial makeup of its workforce. The company aims to boost female and underrepresented minority representation to 35% of its U.S. leadership roles by 2025. For more details, check out <https://news.bloomberglaw.com/esg/>

100%**MATCHING BLOCK 6/13****W**

executive- pay-tied-to-esg-goals-grows-as-investors-demand-action (

accessed on 14/4/2022)

Unit 7: Measuring Individual Performance 9 7.5.2

Team Evaluation In this approach, the performance of the individual is evaluated based on his role in the team.

communication skills, ability of getting along with the team members, friendly relationships, tolerance level, emotional stability, combined decision making ability and self-assessment. Team assessment is all the more significant in the collaborative work environment in the modern organizations. Activity 7.2 Template for Evaluating Individual Performance in a Team (Rate employees on a scale of 5: 5-Exceptional; 4-Exceeds expectations; 3- Meets expectations; 2-Below expectations & 1-Needs improvement Name of the employee: Evaluation period: Title of the project/Team: Date: 5 4 3 2 1 Communication within group Interpersonal relationship within and among groups Tolerance levels Emotional stability Problem-solving ability Activity Give imaginary scores to an employee, based on the format given above, and calculate the total score and rate the employee's performance in the team.

Block 3: Performance

Measurement of Individuals, Teams and Organizations 10 7.6

Performance Review Meetings Performance review meetings try to meet the objectives of planning for reviewing individual performance and planning for developing individual capabilities. Adequate preparation is necessary by the management for conducting such meetings. This includes the following: ? Statement of vision, mission and objectives of the company ? Distribution of specific functional and departmental objectives ? Laying down specific performance standards expected ? Outlining the plan of action ? Emphasizing the policies, plans and procedures

7.6.1. Role of Manager Based on the laid down policies of the company, managers of departments/functions or department heads conduct review meeting for briefing the personnel placed under them. The purpose of this meeting is to meet the individual with regard to his role in meeting the objectives of the company and prepare him to work in such a way as to improve his performance. Various aspects covered in these meetings are as follows: i. Identification of strength and weakness of individuals ii. Company's expectation of performance standard iii. Employee's expectation of assistance from the company iv. Review the draft prepared by employee with regard to performance level v. Manager to compare his performance plan and if needed, reschedule the same to ensure compatibility vi. Announce the steps taken by the company to improve the knowledge and skill level of employee through training and development skills vii. Encourage or persuade the employees to take up avenues open for them to improve their development needs offered by company

7.6.2. Role of Employee Basically the purpose of review meeting is to improve individual performance, gain rewards and provide opportunity for growth and success in career. For this, following aspects are to be highlighted: i. Clearly understand the goal of organization and specific objectives of the department /function to which he belongs ii. Introspection in regard to his own strength and weakness and take action to fully utilize his strength and minimize his weakness through participation in appropriate training and development program offered by the company

Unit 7: Measuring Individual Performance 11

iii. Clearly understand his role, responsibility and authority relationships iv. Bring to the knowledge of manager problems faced by him in discharging his duties with regard to inadequacy of resources and authority

7.6.3. Preparatory Meeting Before the final meeting, it is desirable to have a preparatory meeting with the employee with regard to the agenda, venue and time and draft of the individual as well as team performances and the prepared developmental reports. In this meeting, if needed, one to one type of interaction with the employees may be organized.

7.6.4. Final Meeting Final meeting is conducted at periodic intervals as desired by the company policy. Careful planning and preparation are needed for the successful conduct of this meeting. This meeting is a continuation of the preparatory meeting and is used for reviewing the conclusions arrived. This must ensure following aspects: i. There should be communication to all concerned about the agenda, venue and time ii. The meeting should be conducted with proper ambience and cordial relationship iii. The meeting should outline company objectives iv. It should clearly state and explain tasks assigned to the department/functions and individuals v. The method of performance evaluation should be outlined Having conveyed the expectation of the company, the individuals are requested to confirm their compliance of their role with available resources at their disposal. Should there be a counter suggestion from the employee to supplement and if management accepts such suggestions it must be recorded. The employee and manager, after mutual agreement, should sign a document indicating the role of the company and performance standard fixed with time and cost frame. A copy of this document should be sent to personal file of the employee in the HR department. The document can be used for evaluation of employee performance for promotion and rewards. Example Netflix follows 360-degree performance review process that is both formal as well as informal wherein employees are advised by their colleagues on what they should stop doing, start doing or continue doing. Netflix follows signed feedback and face-to-face 360-degree reviews so as to ensure transparency as it believes that people can handle anything as long as they are told the truth. For more details, check out <https://about.netflix.com/> (accessed on 14/4/2022)

Block 3: Performance Measurement of Individuals, Teams and Organizations 12 7.7

Feedback and Evaluation Employee appraisals include appraisal by superior, self- appraisal as well as 360- degree appraisal. An effective appraisal system should incorporate feedback mechanism. Through feedback and evaluation, one can know whether the work is done effectively or not and what is the scope for improvement. Similarly, it can be used for developmental aspects like relationship management, training and development, employee retention and motivation. The advantages of feedback and evaluation can be enumerated as: ? It re-emphasizes management vision and mission, goals of the organization and objectives of the department and functional divisions ? It narrows the gap between the perception of appraiser and appraisee ? It helps in reviewing the existing system of training and development and modify the same based on feedback ? It helps in improving labour productivity and managerial effectiveness ? It helps in improving employee's satisfaction level ? It prevents legal complications by settling grievances through open communication While giving feedback and evaluation, the following principles should be adhered to: ? There is a need for setting up specific performance standards ? Time and cost bound objectives need to be laid down ? The outlined tasks should be realistic and reasonable ? Evaluation must focus on performance and not on persons ? There is a need to maintain a logbook for each employee for continuous assessment and recording significant achievements and failures If these principles are followed feedback and evaluation will be fruitful and achieve its purpose. Example Microsoft has rolled out an application that directly connects employees with announcements of the company as well as updates on the individual and team performances - all through their updated Microsoft Teams app called "Company Communicator". This enables leaders and communication specialists to send messages directly to multiple teams, employees or any subset of internal audience over chat or in a Teams channel about their performance. For more details, check out <https://www.microsoft.com> (accessed on 14/4/2022)

Unit 7: Measuring Individual Performance 13 7.8

Impact of Performance Appraisal on Individuals Performance appraisal being relationship management system as it involves inter- personal interactions, the quality of the relationship influences the outcome. Mutual trust and self-confidence in believing in ones own capacity to perform, and trust in management that good performance will be rewarded would help in successful outcomes for performance management systems. Impact of performance appraisal on individuals Both positive and negative impacts are enumerated below with causes and possible remedies: Positive impact of performance appraisal on individuals can be enlisted as: 1. Performance appraisal provides the employees with an opportunity for development by identifying their shortcomings 2. It helps the employees to understand the rationale behind the training and development programs of the organization 3. Effective performance appraisal improves communication and feedback mechanism in the organization 4. It promotes and strengthens team work and collaboration 5. Fair performance appraisal results in harmonious industrial relations Negative impact of performance appraisal on individuals can be enumerated as: 1. Subordinates may feel insecure during appraisal process 2. Some of the employees may consider it to be biased and inequitable 3. At times, employees may feel threatened and burnt out when subjected to continuous evaluation and reviews which may affect their productivity 4. Perception of lack of fairness in the performance appraisal may cause disharmony in industrial relations The possible causes of negative impact on individuals can be enumerated as: 1. Fear of losing job 2. The inability of subordinates to take criticism positively 3. The assessor's focus is on personality and not on performance 3. Biasness on the part of the assessor can make the entire exercise futile. 4. Poor grievance settlement machinery and blocks in upward communication may The suggested remedies for overcoming the negative impact: The remedies for such impact are listed below: 1. Appraiser should take supportive role.

Block 3: Performance Measurement of Individuals, Teams and Organizations 14 2.

Proper training should be given to the employee to develop positive attitude towards negative comments on performance. Appraiser should undergo training for doing objective assessment. 3. Appraiser should be objective and communication should be friendly. The employee should be convinced that suggestions are for development, not for indictment. 4. Better grievance machinery should be set up. Communication blocks must be removed. Now let us discuss about the essentials of an effective performance appraisal system. The same have been enumerated below: ? For promoting positive impact, performance appraisal should be such wherein the following features are incorporated: ? The performance appraisal should be considered as a team effort where both the appraiser and the appraisee play an equal role. ? The role of the appraiser should be supportive instead of controlling and the approach should be of problem-solving. ? The impetus should be on finding areas of strengths and suggest ways and means of maximizing the same. The weaknesses should be identified and remedial measures needs to be taken to minimize the same. Example The performance appraisal system at Zappos, an online shoe and clothing retailer, focuses on how well the employees deliver results within the right context of Zappos' 10 core values instead of meeting deadlines. Managers document how many times they notice an employee exhibiting certain exceptional behaviors. This ensures transparency and improves the motivation and morale of the individual employee and sets example for others as well. To know more, check out <https://www.zappos.com/> (accessed on 14/4/2022) Check Your Progress - 2 7.

Employees are evaluated on which of the following parameters in 360-degree appraisal method? a. By past records b. Periodically c. At different levels d. At the time of induction e. Based on seniority

Unit 7: Measuring Individual Performance 15 8.

Which of the following is the most important skill required by top management? a. Technical skill b. Communication skill c. Human relation skill d. Innovative skill e. Conceptual skill 9. Self-appraisal helps in achieving which of the following goals? a. Improving confidence level of employee b. Promoting motivation c. Enhancing succession planning. d. Improving technical skill e. Developing interpersonal skill 10. When setting up individual targets, prime importance will be given to which of the following attributes? a. Maturity level of employee b. Technical skill of employee c. Motivation level of employee. d. Conceptual skill of employees e. Education qualification of employees 7.9 Summary ? Individual performance appraisals help to evaluate the actual competencies of. employees and also contribute to performance improvement. ? Performance appraisal is an important aspect affecting career prospects of an employee and meeting the objectives of an organization. ? The performance appraisal process begins with fixing performance standards and the standard need to be communicated to all concerned. Targets will be set and measured and self-appraisal is also an important component of performance appraisal. ? Efforts are made to identify the planning and process of appraisal, setting up performance standards and identification of methods of measurement ? The new approaches to performance appraisal are 360 0 Appraisal System, Achievement orientation approach, Team evaluation, 'Rational performance system and Potential development approach

Block 3: Performance Measurement of Individuals, Teams and Organizations 16 ?

The complex nature of human being makes appraisal a very demanding job requiring sensitive handling and exhaustive preparation. ? Feedback and evaluation are important components of performance appraisal and if given in proper way they lead to performance improvement. ? Performance appraisal has both negative and positive impacts. As such careful analysis is required. 7.10 Glossary 360-degree appraisal: Appraisal from all stake-holders BARS: Behavioural Anchored Rating Scale- Combines advantages of Critical Incident Method and Graphic Rating Scale Method DAP: Development Action Programme where the performance standard is fixed based on MBO MAP: Maintenance Action Programme where the performance standard is fixed based on their past performance and records. RAP: Remedial Action Programme- designed for employees who need remedial action on their poor performance. Self-appraisal: Evaluation by individual himself/herself. 7.11 Self-Assessment Test 1. Explain how performance standard of an employee is fixed as suggested by Cummings & Schwab. 2. How does self-appraisal solve the problems of assessment by the department heads? 3. Explain the psychological impact of appraisal system on employees. 4. "360-degree appraisal enhances the objectives of performance appraisal"- Discuss. 5. What is the importance of Feedback & Evaluation in an appraisal system? 7.12

Suggested Readings/Reference Material 1. John Shields, Jim Rooney, Michelle Brown, Sarah Kaine; Managing Employee Performance and Reward: Systems, Practices and Prospects, 3 rd Edition, Cambridge University Press, 2020 2. Susan L. Verhulst, David A. DeCenzo, Rama Shankar Yadav; Human Resource Management, 13 th Edition, Wiley, 2021 3. Durai Pillai, Total Reward Strategy: Retain Your Best Talent, 1 st Edition, Notion Press, 2020

Unit 7: Measuring Individual Performance 17 4.

Stephen J Perkins, Sarah Jones, Reward Management: Alternatives, Consequences and Contexts, 4 th Edition, Kogan Page, 2020 5. Kevin R. Murphy, Jeanette N. Cleveland, Madision E. Hanscom, Performance Appraisal and Management, Sage Publications, 2020 7.13 Answers

for Check Your Progress Questions 1. (a) Skills, Knowledge and Abilities. The key factors for measuring performance of an employee are Skills, Knowledge and abilities. 2. (b) MBO In Development Action Programme, standard is fixed based on MBO. 3. (c) Elton Mayo Hawthorne effect was explained by Elton Mayo. 4. (a) Remedial Action Programme Remedial Action Programme is the third step for fixing performance standard. 5. (d) Critical incident method In critical incident method employees' past performance is critically examined by the appraiser. 6. (a) Actual behaviour of employee is rated In BARS method of Appraisal -Actual behaviour of employee is rated. 7. (c) At different levels In 360-degree appraisal method, employee is evaluated at different levels. 8. (e) Conceptual skill The most important skills needed for top management is Conceptual skill. 9. (a) Improving confidence level of employee Self-appraisal helps in improving confidence level of employee. 10. (c) Motivation level of employee When setting up individual targets, prime importance will be given to motivation level of employees.

Unit 8 Measuring Team Performance Structure 8.1 Introduction 8.2 Objectives 8.3 Meaning of Teams 8.4 Types of Teams 8.5 Purpose of Teams 8.6 Performance Measures for Teams 8.7 Types of Team Measures 8.8 Team Performance Measurement Processes 8.9 Creating the Culture of Teamwork 8.10 Rewarding Team performance 8.11

Summary 8.12 Glossary 8.13 Self-Assessment Test 8.14 Suggested Readings/ Reading Material 8.15 Answers to Check Your Progress Questions "

Success is

best when it is shared." - Howard Schultz 8.1 Introduction As has been popularized by Howard Schultz, good teamwork is essential in all organizations. It signifies that people are working towards a shared purpose and common goals and in so doing they are sharing their varied skills in complementary roles and in cooperation with each other. Equally important is its measurement. In the previous unit, we have learnt about aims of individual performance appraisal, measuring individual performance and impact of appraisal on individuals. Modern organizations put more impetus on collaborative environment. Performance management for teams is concerned with how teams set their objectives, develop work plans and how their performance is reviewed and teams rewarded.

Unit 8:

Measuring Team Performance 19

This unit would focus on types of teams and team performance measures. Further the importance of creating the culture of teamwork and rewarding team performance

would be

discussed. 8.2

Objectives After studying this unit, you should be able to: ? Explain the

meaning, types and purpose of teams ? Enumerate performance measures for teams ? Describe team performance measurement processes ? Examine high performing organizations and their work practices ? Analyze rewarding of team performance

8.3 Meaning of Teams

A team is comprised of two or more people who must integrate their activities to accomplish a common goal. Teams are a way of organizing people to support inter-dependence and cooperation that requires close coordination among the team members. Team performance includes both the outputs produced by the group or team as a whole, as well as the contribution of individual team members to the success of the team. Following are the features of an effective team:

- ? Team is a small entity, usually having not more than 15 members and often between 5 and 10.
- ? It benefits from the diversity of its membership by drawing on the variety of skills, knowledge, experience and perspectives that all members bring to the team.
- ? The reason that the team exists (its mission or purpose) is clearly described, understood and accepted by all members and becomes the touchstone against which priorities are established, conflicts are resolved, problems are identified and solved and decisions are made.
- ? The performance goals of the team are understood to apply to every member of the team, and accountability for accomplishing those goals is shared.
- ? The benefit of team performance is only realized in a climate of open communication based on trust, mutual respect, and commitment to a common purpose.
- ? Team members commit to an approach to working together which includes specific guidelines or norms developed by team members, to help them to communicate ideas and concerns, give one another feedback, conduct meetings, solve problems and make decisions.

Block 3: Performance Measurement of Individuals, Teams and Organizations 20 ?

Much of the work that teams do is conducted in meetings at which work processes, group effectiveness, and outputs are discussed, problems are analyzed and identified, and decisions related to future actions, changes are made. The meeting provides a forum and structure within which a team may work. Example To improve the effectiveness of teamwork, Accenture has deployed MyTechHelp bot as an interim solution which is an artificial intelligence bot, integrated into Microsoft Teams, that enables teams across Accenture to get quick answers via an automated bot. If MyTechHelp cannot immediately provide the solution, the bot connects employees directly to the relevant support service desk team.

For more details, check out <https://www.accenture.com> (accessed on 15/4/2022) 8.4

Types of

Teams Teams at organizations can be categorized into:

- Organizational teams:** These teams comprise people largely linked together, as in a top management or heads of departments in an organization and the members of each of the teams are associated with one another as well as with the other teams in the organization by dint shared goal that they all work for.
- Work teams:** Such teams comprise of autonomous and dedicated employees working very closely with one another for achieving organizational goals.
- Task teams:** Such teams comprise of employees from different functional areas who come together to complete designated projects in a stipulated period of time. They comprise of people with required skill set for accomplishing the assigned task.
- Adhoc teams:** These teams include employees who belong to the same department or across the various functional areas for resolving an immediate problem. There is no formal structure in ad hoc teams. These teams are created for a limited time to resolve one particular problem. Example Capgemini's Analyst Relations team provides a single point of contact for market analysts to find market information about Capgemini, order publications and make other requests. This serves as an illustration of work teams at Capgemini. For more details, check out <https://www.capgemini.com/> (accessed on 15/4/2022)

Unit 8: Measuring Team Performance 21 8.5

Purpose of Teams The purpose of developing a team is to accomplish the organizational goals effectively with shared efforts. Team members work together toward a common goal and share responsibility for the team's success. There are ten key factors to organize employees into a pro-active and productive team.

- ? **Understanding the goal:** Team members identify their independence and understand both personal and team goals are best accomplished with mutual support.
- ? **Sense of ownership:** Team members feel a sense of ownership for their job and department; because they are committed to value based common objectives.
- ? **Creative contribution:** Team members are encouraged to be creative. They must contribute creative ideas to the organization's success by applying their unique talents, knowledge and innovativeness.
- ? **Mutual trust:** Team members work in a climate of trust and are encouraged to openly express ideas, opinions, disagreements and feelings.
- ? **Common understanding:** The team members practice open and honest communication. They make an effort to understand each other's view.
- ? **Individual development:** Group members receive effective training but are restricted in applying it to the work by the manager or other group members. Team members are encouraged to continually develop skills relevant to the task.
- ? **Resolving the conflict:** Team members realize conflict is a normal aspect of human interaction but they view such situations as an opportunity for new ideas and creativity. They work to resolve conflict quickly and constructively.
- ? **Participative decision-making:** Team members participate in decisions affecting the team but understand their leader must make a final ruling whenever the team cannot decide, or an emergency exist. Positive win/win results are the goal at all times.
- ? **Clear leadership:** Team members work in a structured environment; they know what boundaries exist and who has final authority. The leader sets agreed high standards of performance and he/ she is respected via active, willing participation.
- ? **Commitment:** In a team, only those committed to excellence are hired. Prospective team members are queuing at the door to be recruited on the basis of their high levels of hard and soft skill sets. Everyone works together in a harmonious environment.

Block 3: Performance Measurement of Individuals, Teams and Organizations 22

Example HEAR is a conflict resolution forum at Infosys which fosters healthy employee relations by giving their employees a neutral platform 'to be heard' and in building the 'speak- up culture'. The HEAR network consists of 40 global hubs that have the expertise to manage employee concerns and includes 300 partners from business.

For

more details, check out <https://www.infosys.com> (accessed on 15/4/2022) Check Your Progress - 1.1.

Which of the following

refers to

people who integrate their activities to accomplish a common goal? a. Group b. Team c. Performer d. Activist e.

Democrat 2. Which of the following is the other name for natural work group? a. Work-team b. Task force c. Self-

directed team d. Functional group e. Performer 3. Which of the following refers to the teams that are brought together

from different functions to complete a job over a period of months or years? a. Task teams b. Organizational Teams c.

Work Teams d. Ad-hoc Teams e. Self-directed teams 4. Which of the following refers to the teams that are brought

together from within a department or a number of functions to tackle an immediate problem? a. Task teams b.

Organizational Teams c. Work Teams d. Ad-hoc Teams e. Self-directed team

Unit 8: Measuring Team Performance 23 5.

Which is the factor that does not shape people into a pro-active and productive team? a. Understanding the goal b.

Sense of ownership c. Creative contribution d. Mutual trust e. Fixing targets 8.6 Performance Measures for Teams The

measures of team performance are set in line with the objectives of the team and performance standards. The following

are the parameters that determine performance measures used by various organizations: ? Finance Division of a Service

Company: In the processing department, where high-volume and regular jobs have to be performed, the measures can

be productivity and quality of the product ? A Government Organization: Measures are agreed between managers and

team members based on task performance standards and allotted time ? A Local Authority: Measures are related to pre-

determined targets for all or most of the team to undertake together and they are distinct from the tasks set for individual

team members. ? A Technology Company: Project teams responsible for developing solutions for customers have their

performance measured by reference to their success in captivating contracts ?

An Insurance Company: Performance measures for the financial planning consultant teams are based on 'net issued

business', and criteria for activity levels, appointments attended, questionnaires completed and cases issued. ? A Sales

Team in a Manufacturing Company: The performance measure for sales teams is based on customer satisfaction, sales

revenue and market share. Example Working on digital transformation efforts, Cognizant recognized 'speed to transform'

as a key measure, composed of a concise list of metrics that serve as indicators of progress. This type of performance

measure is useful for the teams at Cognizant to create new applications for reducing process cycle time or reducing

rework

and errors.

For more details, check out <https://www.cognizant.com> (accessed on 15/4/2022)

Block 3: Performance Measurement

of Individuals, Teams and Organizations 24 8.7

Types of Team Measures Team performance measures are mainly concerned with output, levels of activity, customer

service and satisfaction and financial performance. Most measures for teams, as for individuals are likely to fall into one or

more of these classes. A distinction can be made between output/result measures of team performance and

input/process measures. The output/results include: ? The accomplishment of team goals ? The level of customer

satisfaction ? The quantity of work ? The quality of work ? The knowledge process, and ? The maintenance of technical

systems The input/process measures include: ? The support of team process ? The participation of team members ? The

communication system ? The collective effort of the team members ? Acceptance of change, and ? Adaptability and

flexibility Example HubSpot is an automation software tool which integrates the cross functional databases and facilitates

having all the data and growth activity in one place, thus unleashing tons of creative automation possibilities that would

relieve the teams working in different functional areas of using separate tools. This improves the quantity and quality of

work. For more details, check out <https://hubspot.com> (accessed on 16/4/2022) 8.8 Team Performance Measurement

Processes The aim should be to

provide the accord team with autonomy to perform and the

responsibility to carry out the team building activities.

92%

MATCHING BLOCK 8/13

W

The key steps of setting work and process objectives and conducting team reviews and individual reviews are described below: Setting work objectives: Work objectives for teams

are set in the same way as individual objectives. They are

100%**MATCHING BLOCK 9/13****W**

based on an analysis of the purpose of the team and its accountabilities for achieving results. Targets and standards of performance should be discussed and agreed by the team as a whole.

Project

Unit 8: Measuring Team Performance 25

teams devise plans that define what has to be done, who is to do it and the standards expected within the stipulated time. Setting team objectives: Team objectives define how the members conduct themselves as a team. The list of team competencies and performance measures include: ?

94%**MATCHING BLOCK 13/13****W**

Interpersonal relationships ? The quality of participation and collaborative effort and decision-making ? The team's relationships with internal and external customers ? The capacity of the team to plan and control its activities and the ability of the team and its members to adapt to new demands and situations ? The flexibility with which the team operates ? The effectiveness with which individual skills are used ? The quality of communications within the team and between the team and other teams or individuals Team performance reviews: Team performance review meetings analyze and assess feedback and control information on their joint achievements against objectives and project plans. The agenda for such meetings

are as follows: Review of general feedback which outlines the following: ?

67%**MATCHING BLOCK 10/13****W**

Progress of the team as a whole ? Problems encountered by the team that have caused difficulties ? Helps and hindrances to the operation of the team Review of work which outlines the following: ? The efficiency of team performance ? Review of the individual contribution made by each team member ? Discussion of any new problems encountered by individual team members Team problem-solving:

This includes what if analysis of reasons for any problems and the measures that need to be taken for solving the same and preventing their re-occurrence Communicating objectives: There should be a review of new requirements, opportunities or threats. The objectives and plans need to be modified to adapt to the changes in the internal and external environment. Reviewing the performance of individual team members: Individuals should receive feedback on their contribution to the team and also recognition by their team leader and fellow team members of their accomplishments. Special attention should be given to their individual development, not only as members of their existing team, but also for any future roles they may, assume in other teams as individual contributors or team leaders. Block 3: Performance Measurement of Individuals, Teams and Organizations 26 Exhibit 8.1 illustrates the team performance measurement process at Tesla. Exhibit 8.1: Team Performance Measurement Process at Tesla Performance measurement process at Tesla illustrates a dynamic approach to leveraging the best talent. ? Tesla makes use of 360-Summary, a staff survey that makes use of Maslow Need Hierarchy to guide performance management. ? Strange but it is true that Tesla follows traditional annual reviews to determine promotions, demotions and firings. ? The top performers and teams are rewarded with either compensation, equity awards or promotions. ? Given, the Tesla's formidable production goals, the bottlenecks are firmly and swiftly met with the good old rank and yank approach popularised by Jack Welch. Coming to measurement of performance, Tesla employs different techniques and measurements to keep track of the company's performance, which is primarily based on productivity. ? Manufacturing performance is measured in terms of number of cars produced per day. ? Performance of customer service division is measured by the number of inquiries closed, emails answered and complaints handled. ? Risk factors included delays in launching new products, inability to meet increasing production demand, failure to complete the Gigafactory on time, volatile currency markets to name a few. Tesla Motors Inc. maintains regular and efficient communication with all its stakeholders. It is quite proactive in identifying potential risk factors both from the internal and external environment, faced by the company. Source: <https://www.tesla.com/> (accessed on 17/4/2022) 8.9 Creating the Culture of Teamwork For having the benefits of teamwork, a conducive organization culture has to be created which includes the following elements: ? Managers should communicate the expectation that teamwork and association should bring. No individual completely owns a work area or process all by himself. People who own work processes and positions should be open and amenable to ideas and inputs from other team members. ? Managers should maintain team spirit even when things are going wrong and the temptation is to slip back into former behavior. Unit 8: Measuring Team Performance 27 ?

The organization members have to identify the value of a teamwork culture. Values are formally written and shared and the same have to be internalized by the employees. ? Organization should ensure that the teamwork is rewarded and recognized. ? The performance management system places emphasis and value on teamwork. Often 360-degree feedback is integrated within the system. This feedback from colleagues, direct reports and the boss can have a powerful impact on work behavior. Example Coca-Cola deploys monday.com for fostering teamwork. It facilitates collaboration in one shared workspace by easily coordinating with other managers across the teams and make right cross functional decisions. It provides data to assess and track employee performance and fetch their feedback by making use of integrated forms. For more details, check out <https://monday.com> (accessed on 15/4/2022) Activity 8.1 Your organization is in the process of redesigning its products and seeks recommendations and suggestions from the teams working in different functional areas at different levels. If you are the group leader of a cross- functional team developing a smartphone, then how do you create a culture of teams working at different geographically distributed locations? Answer: 8.10 Rewarding Team Performance It is important to know how teams are to be rewarded. Are all the members to be paid equally or they should have individual differences? These are tough questions that every manager comes across while deciding the mode of rewarding teams. Managers have to look at the situational factors and decide accordingly and take care of the social-loading problem, where in some members do not contribute to the success of teams with an expectation that other team members' contribution will compensate for their performance. However, management should see to it that team members are always motivated with all types of rewards.

Block 3: Performance Measurement of Individuals, Teams and Organizations 28

Activity 8.2 The manager of XYZ Company has rewarded his employees with cash incentives number of times. But it proved to be a short-term motivator for employees. Help the manager with five non-financial incentives to bring smiles in the face of his employees. Answer: Team rewards can be classified in two ways: 1. Financial team rewards include: ? Team pay in relation to the achievement of team targets or for a performance review ? Target-related team bonus which may be distributed equally among team members or in accordance with the job grades. ? Team-ratings on the total performance of the team on the basis of which teams are ranked and bonuses are distributed accordingly. 2. Non-financial team rewards include: ? Motivational techniques such as positive reactions, feelings, and attitudes expressed for joint achievement. ? Nominating the team of the month ? Team outings, and social events in recognition of good team performance Example Typeform, a software company, follows "Spontaneous Applause" that invites the employees to start clapping for a team which has done a job well. It also runs "Shout Out Walls" where employees regularly scribble positive shout outs to star team performers. For more details, check out <https://www.typeform.com/> (accessed on 15/4/2022)

Unit 8: Measuring Team Performance 29

Check Your Progress - 2 6. What could be the performance measure for a sales team in a manufacturing company? a. Productivity b. Quality of the product c. Customer satisfaction d. Appointments attended e. Cost of the product 7. Which of the following is not an output/result team performance measure? a. Accomplishment of team goals b. Quality of work c. Quantity of work d. Collective effort of team members e. Maintenance of technical systems 8. Which of the following is not an input/process team performance measure? a. Support of team process b. Communication system c. Goal-setting d. Analytical skills e. Quantity of work 9. Which of the following is not a team competency and performance measure? a.

82%

MATCHING BLOCK 11/13

W

Interpersonal relationships b. The quality of participation and collaborative effort and decision-making c. The team's relationships with internal and external customers d. The

team's relationship with organization members e. The flexibility with which the team operates 10. Which of the following is a non-financial team reward? a. Team pay in relation to the achievement of team targets b. Target-related team bonus c. Nominating the team of the month d. Team bonuses e. General team pay

Block 3: Performance Measurement of Individuals, Teams and Organizations 30 8.11

Summary ? A team is

100%

MATCHING BLOCK 12/13

W

a small number of people with complementary skills who are committed to a common purpose, performance goals and approach for which they hold themselves mutually accountable.

The special contribution that a team makes to an organization is the pooling of the collective creativity, skills, knowledge and experience of its members. This benefit is only realized in a climate of open communication based on trust, mutual respect, and commitment to a common purpose. ? The aim and purpose of a team is to perform, get result and achieve victory in the workplace and market place. The key differentials that make a team pro-active and productive are: understanding, ownership, creativity and contribution, personal development, conflict resolution, participative decision-making, clear leadership, and commitment. Team performance measures are mainly concerned with output, activity levels, customer satisfaction, and financial results. ? Team performance is measured in two ways, namely, the output/results measures, and the input/process measures. The output measures comprise the achievement of a team goal, customer satisfaction, quality of work, quantity of work, process knowledge, and maintenance of technical system. The input/process measures comprise support of team process, participation, oral and written communication, collaboration and collective effort, conflict resolution, planning and goal setting, participative decision-making, problem-solving and analytical skills, credibility and trust, inter-dependence, inter-personal relations, acceptance of change, adaptability and flexibility. ? The Team Performance-Management Processes are: (a) Setting work objectives, (b) Setting team objectives, (c) Team performance reviews, (d) Review of general feedback, (e) Review of work, (f) Team problem-solving, (g) Communicating objectives, and (h) Reviewing the performance of individual team members. ? The important work functions in teamwork are, advising, innovating, promoting, developing, organizing, producing, inspecting, maintaining, and linking. Therefore, the high performance work practices imply new ways of organizing work, rewarding performance and involving employees in the decision-making process. ? There is an amount of complication in appraising the performance of a team than appraising individual's performance. But, it is highly effective if the team's performance is rightly appraised. It also increases synergy in the organizational process. ? In order to motivate its employees, management has to look at situational factors and use both financial and non-financial team rewards.

Unit 8: Measuring

Team Performance 31 8.12 Glossary Cross-functional Team - A group of people brought together from different functional areas to redesign or make decisions about a product or service. Input/ Process measures- Input measures comprise support of team process, participation, oral and written communication, collaboration and collective effort etc. Natural Work Group - A group of employees and their manager who work together to produce a product or service. Output/result measures - Output measures comprise the achievement of a team goal, customer satisfaction, quality of work, quantity of work, process knowledge and maintenance of technical systems. Performance Review - Assessing the performance for present and future needs. Self-directed Work Team - A group of people who share responsibility for a complete product or service, or accomplishment of a significant part of a process. 8.13 Self-assessment Test 1. Define a team and discuss different types of teams. 2. How superior are team accomplishments when compared with individual accomplishments? 3. Explain how to develop team culture among its members. 4. Describe the characteristic features of high performing organizations. 8.14

Suggested Readings/ Reference Material 1. John Shields, Jim Rooney, Michelle Brown, Sarah Kaine; Managing Employee Performance and Reward: Systems, Practices and Prospects, 3 rd Edition, Cambridge University Press, 2020 2. Susan L. Verhulst, David A. DeCenzo, Rama Shankar Yadav; Human Resource Management, 13 th Edition, Wiley, 2021 3. Durai Pillai, Total Reward Strategy: Retain Your Best Talent, 1 st Edition, Notion Press, 2020 4. Stephen J Perkins, Sarah Jones, Reward Management: Alternatives, Consequences and Contexts, 4 th Edition, Kogan Page, 2020 5. Kevin R. Murphy, Jeanette N. Cleveland, Madison E. Hanscom, Performance Appraisal and Management, Sage Publications, 2020 8.15

Answers

to Check Your Progress Questions 1. (

b)

Team People who integrate their activities to accomplish a common goal is called a Team.

Block 3: Performance Measurement of Individuals, Teams and Organizations 32 2. (

a) Work-team Another name for natural work group is work-team. 3. (a) Task teams Teams brought together from different functions to complete a job over a period of months or years are called Task teams. 4. (d) Ad hoc teams Teams brought together from within a department or a number of functions to tackle an immediate problem are called Ad hoc teams. 5. (e) Fixing targets Except fixing targets, the remaining all-Understanding the goal, sense of ownership, creative contribution and mutual trust mould people in to pro-active and productive teams. 6. (c) Customer satisfaction The performance measure for a sales team in a manufacturing company is customer satisfaction. 7. (d) Collective effort of team members Collective effort of team members is not an output/result team performance measure. 8. (e) Quantity of work Quantity of work is not an input/process team performance measure. 9. (d) The team's relationship with organization members Except 'The team's relationship with organization members' the remaining all are team competency and performance measures. 10. (c) Nominating the team of the month 'Nominating the team of the month' is a non-financial team reward.

Unit 9 Measuring Organizational Performance

Structure 9.1 Introduction 9.2 Objectives 9.3 Setting Organizational Goals and Objectives 9.4 Components of Organizational Performance 9.5 Organizational Performance Measures 9.6 Organizational Performance Measurement Models 9.7 Factors Affecting Organizational Performance 9.8 Impact of Organizational Performance on Stakeholders 9.9 High Performing Organizations (HIPO) 9.10

Summary 9.11 Glossary 9.12 Self-Assessment Test 9.13 Suggested Readings/Reference Material 9.14 Answers to Check Your Progress Questions “

What gets measured, gets managed” - Peter Drucker 9.1 Introduction As has been advocated by Peter Drucker, companies need to measure their performance, only then they can manage and optimize it. It is essential for the organization to review its performance against the set goals and objectives to ensure growth and development. In the previous unit, we have discussed about the types of teams and the process of measuring team performance. Setting right kind of objectives and measuring and evaluating the performance of the organizations is an important exercise. This unit would focus on setting organizational goals and objectives and the models used for measurement of organizational performance. Further the concept of high performing organizations would be discussed in detail. 9.2

Objectives After studying this unit, you should be able to: ? Explain the importance of

setting organizational goals and objectives ? Enumerate the components of organizational performance

Block 3: Performance Measurement of Individuals, Teams and Organizations 34 ?

Describe the organizational performance measures and models ? Examine the impact of organizational performance on stakeholders ? Analyze the working of high performance organizations 9.3 Setting Organizational Goals and Objectives

Goals or objectives are the accomplishments which the organization seeks to achieve over a period of time. The setting of objectives is the function of management and the management should ensure that every individual employee knows what is expected of them and what results they need to accomplish and how to accomplish them. By setting objectives, organizations define the parameters against which the performance would be evaluated and feedback provided. One of the important measures used by organizations to set up objectives is Management by Objectives (MBO). Objectives are expressed as ? Targets-quantifiable results to be achieved by the employees- for example, increasing sales, reducing costs, improving quality of products by decreasing the rate of rejection ? Tasks- to be completed by an employee over a definite period of time by completing the given and agreed tasks ? To achieve objectives, targets are generally indicated and to reach targets, tasks are assigned and elaborated. Steps Involved in Defining and Agreeing on Objectives: ?

Objectives are to be mutually agreed upon by the management and employees ? The purpose of the job needs to be defined ? The performance areas, principal accountabilities, key results to be achieved must be clearly defined. ? The targets to be achieved need to be quantified in precise terms. ? Performance standards need to be developed. Example Part of the Amazon strategic plan is to constantly test and learn to keep evolving and innovating. For instance, one Amazon retail strategy taps into FOMO (fear of missing out) with its Treasure Truck concept, which offers new, trending and local hand-picked items in 30 cities. Further Amazon’s goals and objectives are often based on being bold with technology. Amazon marketing objectives include exploring voice-based advertising and the idea of letting other companies target Alexa users based on shopping behavior. For more details, check out <https://www.aboutamazon.com/> (accessed on 18/4/2022)

Unit 9: Measuring Organizational Performance 35 9.4 Components of Organizational Performance

The important components of organizational performance are customer satisfaction, efficiency, effectiveness and employee satisfaction. All these components indicate the need for measuring organizational performance. Customers’ satisfaction is an important variable because what to measure ultimately depends on what the customers want and they should be satisfied with what is produced. Similarly, employees should be satisfied with the products and services they produce or serve. Organizations become effective and efficient only when all the resources are optimally utilized and there is no wastage of resources. Criteria for Organizational Performance Measures The criteria for performance measures can be enumerated as follows: ? It should be related to the strategic goals and measures that are organizationally significant and drive business performance ? It should be relevant to the objectives and accountabilities of the teams and individuals concerned ? It should focus on measurable outputs, accomplishments and behaviors ? It should indicate the data or evidence that will be available as the basis for measurement ? It should be comprehensive yet precise, verifiable and should provide a basis for feedback and action Measures for organizational performance can be categorized into: Output measures: Delivery of service, sales, quality of the product or service Input measures: What people possess- knowledge, skills and competencies, levels of contribution- organizational core competencies, generic role competencies and role specific competencies. Classification of Measures Measures concerned with quantity, quality and cost-effectiveness can be classified under the following heads: ? Finance - Includes income, shareholder value, added value, rates of returns, costs ? Output - Includes units produced or processed, throughput, new accounts ? Impact - Includes attainment of a standard, changes in behavior, completion of work, innovation ? Reaction - Includes judgment by others, colleagues, internal or external customers ? Time - Includes speed of response, timely achievements, backlogs, delivery times

Block 3: Performance Measurement of Individuals, Teams and Organizations 36 ?

Counts - Includes number of times an accomplishment takes place ? Ratios - Includes number of times an accomplishment takes place divided by number of times the accomplishments could have taken place ? Percentages - Includes the proportion of actual achievement to total available achievement ? Financial impact - Speaks about impact of achieving or failing to achieve a result

Focus of Performance Measures The focus of performance measures has been enumerated below: ? Achievement of objectives: To ensure whether employees have achieved the given goals within the specified time frame and with the available resources. ? Levels of competency: To measure one's ability to demonstrate a competence on the job as per the level of the employee ? Standards of performance: For setting employee performance standards and then monitoring their progress ? Work outputs: For measuring the amount of work done This focus varies with the level of management. Senior managers focus more on achievement of objectives and competencies and the middle level management focus more on outputs and performance standards.

Example At the end of every ride, Uber asks its customers to rate the ride and the performance of the driver. Depending on how the customer rating and the average rating every month, Uber does a course correction for its drivers – they either incentivise the driver for the best behavior with their customers or reducing the number of rides offered to him/her as a penalty.

Source: ICFAI Research Center

9.5 Organizational Performance Measures The different approaches for measuring organizational performance are the Balanced Scorecard (BSC), Economic Value Added (EVA) and Traditional Financial Ratios. Let us understand them in detail.

9.5.1 Balanced Score Card (BSC) Balanced score card (BSC) is developed by Kaplan and Norton in 1990s. They felt that no single step can measure the entire performance of an organization. They say that 'what gets measured is measured'. There should be a balanced perspective in measuring organizational performance. They evolved a balanced score card comprising four perspectives (Refer Figure 9.1).

Unit 9: Measuring Organizational Performance 37

Customer Perspective Customers' concerns are on four lines: ? Time - could the product be delivered when they need, ? Quality - how good is the product, ? Performance and service - how well the product works and how well their grievances are attended and ? Cost - how much the product costs. If all these four customer perspectives are given attention and measured, the company's performance improves.

Internal perspective Customer-based measures are no doubt important but internal measures are required to meet those customer expectations. The processes, decisions and actions taking place throughout the company reflect how well the needs of customers are met and how satisfied they are. For this, companies should excel in their core competencies.

Learning Perspective Companies must adopt continuous learning for product improvement to win customer satisfaction. They must improve their existing products and innovate to launch new products the customers would cherish

Financial Perspective The financial growth of the company is an important measure. The cash flow, sales growth, operating income, market share, returns on equity and above all profitability of the company should increase (Refer Figure 9.1 cost for the four perspectives of Balanced Scorecard).

Figure 9.1: Four Perspectives of Balanced Scorecard

Source: Kaplan and Norton, 'The Balanced Scorecard- Measures that drive performance', HBR, January- February 1992

Financial Perspective How do we look to shareholders? **Customer Perspective** How do customers see us? **Internal Business Perspective** What must we excel at? **Innovation and Learning Perspective** Can we continue to improve and create value?

Block 3: Performance Measurement of Individuals, Teams and Organizations 38

Advantages of BSC are: 1. It makes the company customer-oriented 2. It reduces response time 3. It improves quality 4. It emphasizes team work 5. It reduces new product launch time

Example SBS Group, a consulting and IT services organization, uses scorecard software which facilitates cross-scorecard collaboration, information sharing, employee-scorecard linkages and many more. They were also able to set up scorecards according to their preferences, define measures, and create initiatives. Altogether, SBS Group's scorecarding capability has helped them assess and prioritize their initiatives.

Source: ICFAI Research Center

Activity 9.1 Search and find out any IT service firm that adopts the Balanced Score Card approach for measuring the organizational performance. Write in brief about its practices.

Answer:

9.5.2 Economic Value Added (EVA) Economic value added (EVA) is an internal management performance measure that compares net operating profit to total cost of capital. EVA is useful as a financial management system as it helps managers and employees to focus on how capital is used and the cash flow generated from it. By evaluating the performance of organizational units and managers, long-term decisions can be taken in the interest of the organizations.

EVA can be represented as $EVA = \text{Net Operating Profit After Tax (NOPAT)} - (\text{Capital Invested} \times \text{WACC})$

Net Operating Profit after Tax is the profit earned by the company after deducting taxes paid. Normally this can be seen in a company's income statement.

Unit 9: Measuring Organizational Performance 39

Capital invested is the amount invested by the company. WACC refers to weighted-average cost of capital, charge for using the invested capital. In other words, the cost of capital includes the cost of equity, what shareholders expect to receive through capital gains. The financial performance of a company can be measured taking in to account the cost of capital in business. EVA is the most popular measure of organizational financial performance. We can understand this well from an example. Assume that Company XYZ has the following components to use in the EVA formula: NOPAT = \$3,380,000 Capital Investment = \$1,300,000 WACC = .056 or 5.60% $EVA = \$3,380,000 - (\$1,300,000 \times .056) = \$3,307,200$ The other measures of economic value include those which focus on the creation of shareholder value. 1. Added Value which is the difference between the market value of a company's output and the costs of inputs 2. Market value added which is the difference between a company's market capitalization and the total capital investment 3. Cash-flow return on investment which is a comparison between inflation- adjusted cash flows to inflation adjusted gross revenues 4. Total shareholder return which refers to what the shareholder actually gets, that is, change in capital value plus dividends If the EVA is in positive, it means the company is making profits. If the EVA is in negative, it means that the company is incurring losses. 9.5.3 Traditional Financial Ratios Key Performance Indicators (KPIs) help organizations understand how well they are performing in relation to their strategic goals and objectives. In the broadest sense, a KPI can be defined as providing the most important performance information that enables organizations or their stakeholders to understand whether the organization is on track or not. Measures of organizational performance The important measures of organizational performance are productivity, organizational efficiency, organizational effectiveness and organizational performance and its comparative ranking.

Block 3: Performance Measurement of Individuals, Teams and Organizations 40

Productivity: Productivity is the ratio between inputs and outputs that is how organizations are able to convert their inputs (labour, capital and raw materials) in to outputs. All this requires efficiency. So the efficient management of available resources result tin productivity. Productivity increases when output grows faster than inputs. Organizational efficiency: Organizations are said to be efficient if they are able to use their resources optimally and maximize their profits. Organizational effectiveness: Organizations are said to be effective if they are able to realize their goals and objectives in the specified time without wasting their resources. Organizational Performance: The effectiveness and efficiency of organizations is measured through its performance Organizational ranking: Organizations are ranked on their performance and positioned in a hierarchical pattern. Check Your Progress - 1 1.

Which of the following refers to the accomplishments that the organizations want to achieve over a period of time? a. Measures b. Counts c. Ratios d. Goals e. Awards 2. Which of the following refers to the number of times that an accomplishment takes place? a. Measures b. Counts c. Ratios d. Goals e. Awards 3. Which of the following is not the perspective of Balanced Scorecard? a. Financial perspective b. Innovation and Learning perspective c. Customer Perspective d. Internal Business perspective e. Managerial perspective

Unit 9: Measuring Organizational Performance 41 4.

Which of the following is used to refer to the difference between a company's post- tax operating profit and the cost of capital invested in the business? a. BSC b. EVA c. Measures d. Ratios e. Counts 5. Which of the following is used to refer to the ability to perform a job or a part of a job? a. Competency b. BSC c. EVA d. Accomplishment e. Performance 9.6 Organizational Performance Measurement Models The focus of performance measures is achievement of business goals and business objectives, standards of performance and quality of outputs. When an organization excels in these measures, it becomes a model for other organizations. Their business practices are benchmarked. Benchmarking is the process of identifying "best practices of a firm in relation to best practice firms". In benchmarking, organizations evaluate various aspects of their processes and compare the results and processes with the best of industry. Objectives of benchmarking: (1) To know what and where the improvements are required (2) To know best practices followed to achieve high performance (3) To follow these practices to improve their performance. Such firms are awarded at national and international levels. Two such models are explained below. 9.6.1 Malcolm Baldrige National Quality Award (MBNQA) The Malcolm Baldrige National Quality Award (MBNQA) is the national quality award, established in 1987, to recognize U.S. companies that achieved performance excellence and quality improvement through innovation, improvement and visionary leadership. These awards are given annually in each of the six categories-manufacturing, service, small business, education, healthcare and non-profit initiatives.

Block 3: Performance Measurement of Individuals, Teams and Organizations 42

The Baldrige Award is given by the President of the United States annually. It is managed by the National Institute of Standards and Technology (NIST), an agency of the U.S. Department of Commerce. The award winners are selected based on achievement and improvement in seven areas

of leadership, strategic planning, customer and market focus, measurement, analysis and knowledge management, human resource focus, process management and business and organizational performance results. Rationale behind MBNQA: ? It helps organizations assess their overall performance by identifying their strengths and opportunities for improvement ? It helps in identifying best organizations which will serve as role models for other organizations ? It helps in improving organizational performance practices, capabilities, and results ? It facilitates communication and sharing of information on best practices among U.S. organizations of all types ? It serves as a tool for understanding and managing performance and for guiding, planning and opportunities for learning. 9.6.2 EFQM (European Framework for Quality Management) Excellence Model The EFQM Model, developed by leading European organizations, is a framework to stimulate continuous improvement. The fundamental concepts define the underlying principles that form the foundation for achieving sustainable excellence in any organization. The fundamental concepts of EFQM are: ? Adding value for customers- It adds value for customers by understanding, anticipating and fulfilling their needs, expectations and opportunities ? Creating a sustainable future ? Developing organizational capability ? Harnessing creativity and innovation ? Leading with vision, inspiration and integrity ? Managing with agility ? Succeeding through the talent of people The EFQM Excellence Model tries to understand the cause and effect relationships between what the organization does and what the organization achieves. There are 5 enablers and 4 results in the model The 5 enablers are leadership, strategy, people, partnership and resources and processes, products and services

Unit 9: Measuring Organizational Performance 43

The four results are people results, customer results- exceeding the needs and expectations of customers, society results and business results. Factors contributing to organizational effectiveness are: ? Clearly defined goals and the strategies to accomplish them ? A value system that emphasizes performance, capability, productivity, quality, customer service, teamwork and flexibility ? Strong visionary leadership from the top ? A powerful proactive and innovative management team ? A well-motivated, committed, skilled and flexible workforce ? Effective teamwork throughout the organization ? Continuous pressure to innovate and grow ? Ability to respond fast to opportunities and threats ? Sound financial base ? Adoption of a value based management approach If organizations are to be effective, emphasis should be given to these factors. Exhibit 9.1 illustrates the performance measurement model used by Uber. Exhibit 9.1: Performance Measurement Model at Uber One unique aspect of Uber's business is their relationship to drivers. Drivers can sign on to work or sign out at will. The Uber automated platform for performance management manages the workforce algorithmically by using incentives like surge pricing, ratings, and extensive online training content. After every Uber ride, the rider rates the driver and vice versa. These regular performance ratings have a real impact on both the driver's and the rider's ability to continue to use the platform. Uber makes use of a strategy called "T3 B3 process" which stands for "Top three Bottom three" and asks its employees to list their top three qualities or strengths and the bottom three areas that need improvement. Goals are then derived from these answers and entered into the system which can be accessed by everyone, employees, managers, top executives to name a few. Uber prefers this collaborative review process as it focuses on development rather than past performance. Feedback is provided formally and frequently and it gets categorized into positive reinforcement or constructive advice. Though positive reinforcement is the key to improvement, constructive advice is equally important and necessary for making adjustments. Managers check their feedback ratios on a weekly basis and try to keep them balanced. Contd....

Block 3: Performance Measurement of Individuals, Teams and Organizations 44

In addition to the individual goals around job performance, Uber also has employees set citizenship goals. Employees can create goals for doing good for someone else inside or outside the company, it can be anything from pro bono work to helping out fellow drivers or Uber customers. Source: <https://www.uber.com/us/en/about/> (accessed on 18/4/2022)

9.7 Impact of Organizational Performance on Stakeholders Stakeholders are the ones who affect and get affected by the performance of the organization or in the realization of the objectives of the organization. It is to be noted that the degree and nature of influence of the stakeholders vary from stakeholder to stakeholder. The stakeholders of an organization generally are its owners, employees, customers, suppliers, creditors, government and others. The goals of the organization are productivity, efficiency, profitability and benchmarking. All these goals are achieved by the performance of its stakeholders. Organizational performance as discussed earlier constitutes several components and measures. They range from customer satisfaction, efficiency, effectiveness, and employee satisfaction to achievement of objectives, levels of competency, standards of performance and work outputs. Example Rare, a leading behavior change organization in the conservation world, began using

the balanced scorecard to measure and manage its performance. With measures at the heart of its operations, this global conservation nonprofit has been able to achieve greater transparency and accountability—while expanding its scale, reach, and impact. With its scorecard in place, Rare has been able to draw upon its metrics to report biological impacts to constituents and to the public—something they couldn't dream of before their scorecard implementation.

Rare's strategy management process has helped the organization clarify its focus, and the organization's metrics have played an important part in engaging donors. Source: ICFAI Research Center Activity 9.2 Imagine you are working as Dy. Manager for sales department in an organization. The management has entrusted you with the job of measuring the stake-holders' impact on the organizational performance. The Management has asked you to consider customers as one category of your stake-holders. Design a questionnaire to collect relevant information from customers for measuring organizational performance.

Unit 9:

Measuring Organizational Performance 45

9.8 High Performing Organizations (HIPO) Sustainable value addition demands a very high-level of performance and innovation to be implemented. The term "high-performance" is generally used to describe new forms of work set-up in an organization, a new HRM approach, or a set of those practices that have the potential to achieve greater economic performance. Culture plays a vital role in performance of a company. High performing organizations adopt a culture that depicts honesty, focused performance, owner- like accountability, collaboration, agility and adaptation, innovation and winning orientation. These are the attributes of winning culture that foster an environment that is conducive to generating the best possible results. Adopting any of these three or four attributes also bring progress in the company as seen in Ford Motor, which adopted a leadership model based on collaboration, innovation and a desire to win. Alan Mulally created a culture of 'working together', and with this culture, Ford went from losing money and share to gaining both money and share. "A High Performance Organization is an organization that achieves financial and non-financial results that are exceedingly better than those of its peer group over a period of time of five years or more, by focusing in a disciplined way on that which really matters to the organization." André de Waal – HPO Center. Boston Consulting Group (BCG), an American consulting company observed that HIPOs have common characteristics which can be categorized into five broad dimensions i.e. Leadership, Design, People, Change Management & Culture and Engagement.

There is no consensual definition for HIPO. Following are few definitions given in their report on high performance work organizations by Center for Creative Leadership (CCL). ? "Creating flexible, high-performing, learning organizations is the secret to gaining competitive advantage in a world that won't stand still" (William Pasmore, 1994). ? "

Flexible or lean manufacturing methods and associated employment- relation practices" (Jeffrey Proffer, 1996). ? "

Self-managed teams and decentralization of decision making as the basic principles of organizational design" (Jeffrey Pfeffer, 1998). ? "

Employee involvement, participative management, democratic management, and total quality management . . ." (Edward Lawler). ? "Extraordinary capable people, working in teams, equipped with proper technology, focused on satisfying the customer and improving work processes" (Joseph White, 1994).

Block 3: Performance Measurement of Individuals, Teams and Organizations 46

From these definitions and reading of the HIPO literature, five dimensions or components of the HIPO are identified: ?

Self-managing work teams ? Employee involvement, participation, empowerment ? Total quality management ?

Integrated production technologies; and ? The learning organization CCL 2 after analyzing these definitions and components of HIPO formulated their own definition which reads: 'HIPO is probably best defined as an organizational system that continually aligns its strategy, goals, objectives, and internal operations with the demands of its external environment to maximize organizational performance.'

Organizations need to look beyond strategy and tactics, or just implementing some technological systems, in order to create such a high performance environment. Researchers claim that organizations are now moving more towards the implementation of high involvement, high commitment, and high performance work systems. Even within the HR field, one can find the existence of so called "high involvement work practices", which results in increased individual and organizational performance. A synergistic effect of certain combinations of HRM practices is sometimes labelled as high performance work systems or high involvement work systems. Such systems have been related to a range of increased outcomes and measures of firm performance. Organizations that successfully operate through such high performance work systems are often termed as "high performance organizations" Performance- driven organizations are characterized by above-average results, usually measured in financial terms such as: profits, earning per share, revenue growth, return on invested capital, product costs, and asset utilization. The organizations generally outperform their competitors in terms of customer satisfaction, product quality, innovation and high productivity. On the other hand, high-performing companies produce extraordinary results that extend beyond customer service and shareholder gains. These organizations become models of creativity and innovation. They make a workplace where people can learn, achieve, and grow along with the organization. The primary significance of such high performance organizations is that they produce benefits for the entire range of stake-holders of the organizations, without putting any one's interest over the others. 2

www.

ccl.org/leadership/pdf/research/HighPerformanceWorkOrgs.pdf (accessed on 18/4/2022)

Unit 9: Measuring Organizational Performance 47

High performance organizations are built around elements such as - innovation, values, purpose, leadership, and trust. However, the core element, which acts as a dynamo, is "people". People bring performance. Processes do not. Therefore, people management practices must be revamped and synthesized to form high performance work systems. High performance work systems are a management approach in achieving optimal fit between people, technology, work and information. Marmol and Murray Jr. (1995), studied high performance organizations from a variety of sectors including financial services, technology, consumer goods, retail manufacturing, transportation, customer services and energy. The focus of the study was on identifying qualities and practices that help organizations sustain superior performance over long periods. They observed six attributes that were common to them, of which leadership competence emerged as the single most important attribute for superior performance. ? Leadership competence, relentless pursuit of strategies and vision ? Energized by an extra-ordinary intense performance driven environment ? Aligned by simple structure and core processes ? Based on world class company skills and ? Rejuvenated by well-developed people system Hillgren and Morse (1998) identified four similarities in high performing organizations. They are: i) Direction ii) Competence iii) Opportunity and iv) Motivation. One needs to ask the following questions to identify the potential of an organization. Direction: Is direction clear and understood? Are priorities clear? Do our metrics reflect the desired outcomes and encourage the right behaviour? Competence: Whether people know what they are supposed to do? Do they have the capability? Opportunity: Have people been provided with the resources and have unnecessary hurdles been identified and removed? Motivation: Do people want to do what leaders ask? Have leaders created motivating environment through their actions and systems? Organizations become potential if they can answer these questions in positive way. Activity 9.3 If you were part of a high performance organization at a managerial level in a retail store, identify the potentials of your organization with respect to Direction, Competence, Opportunity and Motivation. Give a brief account of

Block 3: Performance Measurement of Individuals, Teams and Organizations 48

the potentials for each of them (Direction, Competence, Opportunity and Motivation in not more than three sentences). Direction: Competence Opportunity Motivation Example Zapier is a web-based tool that helps companies connect various apps together to automate the workflow and boost productivity which would usually be done manually. Zapier provides tons of pre-crafted templates that can be used to create workflows for anything from lead generation to social media marketing. It also lets customization of the workflows based on the team's needs by allowing addition of extra steps and workflow logic. To set up Zapier, one needs to integrate their apps and share data with workflows called Zaps in Zapier. Then starts the building process without the need for coding. For more details, check out

<https://zapier.com/about/> (accessed on 18/4/2022)

Unit 9: Measuring Organizational Performance 49

Check Your Progress - 2 6. What is the award given in USA to identify best organizations which will serve as role models for other organizations? a. MBNQA b. EFQM c. EVA d. HIPO e. BSC 7. Which of the following is not an enabler in EFQM? a. Leadership b. Strategy c. Integrity d. People e. Partnership 8. Which of the following is a fundamental concept of EFQM? a. Creating flexible and high-performing organizations b. Harnessing creativity and innovation c. Maximizing profits d. Measuring individual performance e. Collaboration 9. Which of the following is not a characteristics of High Performing Organizations? a. Collaboration b. Agility c. Adaptation d. Innovation e. Rigid structures 10. Which of the following is not a high performance work practice? a. Involving employees in decision-making b. Continuous learning c. Team working d. TQM practices e. Taylorism

Block 3: Performance Measurement of Individuals, Teams and Organizations 50 9.9

Summary ? The famous saying 'what gets measured, gets done' is relevant in all times. The only way to improve performance is to assess first what is accomplished and assess later what is not accomplished in relation to the set goals and objectives. ? The next step is to assess the reasons for not being able to accomplish the goals. Hence, all organizations measure their performance from time to time in different ways. ? In this unit, important organizational performance measures such as Balanced Score Card (BSC), Economic Value Added (EVA) and Traditional Financial Ratios are explained with their implications. ? The best organizations are awarded not only as recognition for their performance but also for motivating other companies to follow their best practices in performance. ? Malcolm Baldrige awards and EFQM are intended for this purpose. High performance organizations have excelled in their performance. ? Organizational performance measures and models discussed in the unit explain these implications. ? The unit also deals with the characteristics of high performance organizations and confirms that organizational performance is high in high performance organizations. 9.10 Glossary Balanced Scorecard- A balanced perspective in measuring organizational performance. Competency- Competency refers to the ability to perform a job or a part of a job. Enablers- What the organization does. High performing organizations- Organizations with new forms of work set-up or new HRM approaches or new practices that have potential for achieving greater economic performance. Input measures- What people possess- knowledge, skills and competencies. Output measures- Delivery of service, sales, quality of the product or service. Results- What the organization achieves. Stake-holders- Persons who are affected or who can affect the performance of the organization. Targets- Quantifiable results to be achieved by the employees. Tasks- Jobs to be completed by an employee over a definite period of time. Winning Culture- A culture that is conducive to generating the best possible results.

Unit 9: Measuring Organizational Performance 51 9.11

Self-Assessment Test 1. Explain the importance of setting organizational goals and objectives in performance management. 2. Discuss the four perspectives of Balanced Scorecard. 3. Explain the importance and criteria for awarding Malcolm Baldrige National Quality Awards. 4. What do you understand by the EFQM Model? Mention some EFQM winners? 5.

What are the characteristics

of high performing organizations? 9.12

Suggested Readings/ Reference Material 1. John Shields, Jim Rooney, Michelle Brown, Sarah Kaine; Managing Employee Performance and Reward: Systems, Practices and Prospects, 3rd Edition, Cambridge University Press, 2020 2. Susan L. Verhulst, David A. DeCenzo, Rama Shankar Yadav; Human Resource Management, 13th Edition, Wiley, 2021 3. Durai Pillai, Total Reward Strategy: Retain Your Best Talent, 1st Edition, Notion Press, 2020 4. Stephen J Perkins, Sarah Jones, Reward Management: Alternatives, Consequences and Contexts, 4th Edition, Kogan Page, 2020 5. Kevin R. Murphy, Jeanette N. Cleveland, Madison E. Hanscom, Performance Appraisal and Management, Sage Publications, 2020 9.13

Answers

to Check Your Progress Questions 1. (

d) Goals The accomplishments which the organizations want to achieve over a period of time are called goals. 2. (b) Counts Number of times an accomplishment takes place is called counts. 3. (e) Managerial perspective The perspective which is not the perspective of Balanced Scorecard is managerial perspective. 4. (b) EVA The difference between a company's post- tax operating profit and the cost of capital invested in the business is termed EVA.

Block 3: Performance Measurement of Individuals, Teams and Organizations 52 5. (

a) Competency The ability to perform a job or a part of a job is called Competency which in turn is measured by skills, knowledge and behaviours possessed by individuals. 6. (a) MBNQA The award given in USA to identify best organizations which will serve as role models for other organizations is MBNQA. 7. (c) Integrity Integrity is not an enabler in EFQM. 8. (b) Harnessing Creativity and Innovation The fundamental concept of EFQM is Harnessing Creativity and Innovation 9. (e) Rigid structures Except rigid structures, the remaining all are the characteristics of High Performing Organizations. They are Collaboration, Agility, Adaptation, and Innovation 10. (e) Taylorism Taylorism is not a high performance work practice.

Performance Management and Reward Systems Course Structure Block 1: Foundations of Performance Management

Unit 1 Introduction to Performance Management Unit 2 Performance Appraisals Unit 3 360° Feedback

Block 2: Performance Management Framework Unit 4 Developing the Performance Management Framework Unit 5

Designing and Launching the Performance Management System Unit 6 Evaluation and Maintenance of

Performance Management

Block 3: Performance Measurement of Individuals, Teams and Organizations Unit 7 Measuring Individual Performance

Unit 8 Measuring Team Performance Unit 9 Measuring Organizational Performance

Block 4: Compensation and Reward Management Unit 10 Rewards and Recognition Unit 11 Reward Management Unit 12

Performance Management and Compensation Unit 13 Job Evaluation and Pay Structure Unit 14 Performance

Competence and Skill Based Pay

Block 5: Performance Development Unit 15 Performance Management and Employee Development Unit 16 Motivation

and Performance Improvement Unit 17 Emerging Trends in Performance Management

Hit and source - focused comparison, Side by Side

Submitted text As student entered the text in the submitted document.

Matching text As the text appears in the source.

1/13

SUBMITTED TEXT

18 WORDS

100% MATCHING TEXT

18 WORDS

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system,

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system,

W <https://ebin.pub/making-the-team-a-guide-for-managers-fifth-edition-9780132968089-1292060786-9781...>

2/13	SUBMITTED TEXT	34 WORDS	75% MATCHING TEXT	34 WORDS
	As hybrid and remote work solutions continue to become the new norm post Covid 19 pandemic, many organizations would rethink how to adjust what used to be an in-person employee annual review process		As hybrid and remote work solutions continue to become the new norm throughout the Covid-19 pandemic and beyond, many business leaders are rethinking how to adjust what used to be an in-person employee annual review process	
	W https://www.forbes.com/sites/forbeshumanresourcescouncil/2022/01/24/16-tips-to-transform-employee ...			
3/13	SUBMITTED TEXT	81 WORDS	100% MATCHING TEXT	81 WORDS
	surprises, supports performance and makes the review process less daunting for all. 1		surprises, supports performance and makes the review process less daunting for all. -	
	W https://www.forbes.com/sites/forbeshumanresourcescouncil/2022/01/24/16-tips-to-transform-employee ...			
4/13	SUBMITTED TEXT	23 WORDS	77% MATCHING TEXT	23 WORDS
	An effective performance management model is being layered to the nature and business expectations of the role. Depending on the position scope,		An effective performance appraisal model needs to be layered to the nature and business expectations of the role. Depending on the position scope,	
	W https://www.forbes.com/sites/forbeshumanresourcescouncil/2022/01/24/16-tips-to-transform-employee ...			
5/13	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
	more meaningful and real-time feedback with simpler, more frequent and more organic		more meaningful and real-time feedback with simpler, more frequent and more organic	
	W https://www.forbes.com/sites/forbeshumanresourcescouncil/2022/01/24/16-tips-to-transform-employee ...			
6/13	SUBMITTED TEXT	2 WORDS	100% MATCHING TEXT	2 WORDS
	executive- pay-tied-to-esg-goals-grows-as-investors-demand-action (Executive Pay Tied to ESG Goals Grows as Investors Demand Action	
	W https://news.bloomberglaw.com/esg/executive-pay-tied-to-esg-goals-grows-as-investors-demand-action			
7/13	SUBMITTED TEXT	23 WORDS	80% MATCHING TEXT	23 WORDS
	in a spreadsheet, or transmitted in any form or by any means – electronic, mechanical, photocopying or otherwise – without prior permission		in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without either the prior written permission	
	W https://ebin.pub/making-the-team-a-guide-for-managers-fifth-edition-9780132968089-1292060786-9781 ...			

8/13	SUBMITTED TEXT	28 WORDS	92% MATCHING TEXT	28 WORDS
The key steps of setting work and process objectives and conducting team reviews and individual reviews are described below: Setting work objectives: Work objectives for teams		the key activities of setting work and process objectives, and conducting team reviews and individual reviews, which are described below. Setting work objectives Work objectives for teams		
W https://silo.pub/armstrongs-handbook-of-reward-management-practice-improving-performance-through- ...				
9/13	SUBMITTED TEXT	33 WORDS	100% MATCHING TEXT	33 WORDS
based on an analysis of the purpose of the team and its accountabilities for achieving results. Targets and standards of performance should be discussed and agreed by the team as a whole.		based on an analysis of the purpose of the team and its accountabilities for achieving results. Targets and standards of performance should be discussed and agreed by the team as a whole.		
W https://silo.pub/armstrongs-handbook-of-reward-management-practice-improving-performance-through- ...				
10/13	SUBMITTED TEXT	66 WORDS	67% MATCHING TEXT	66 WORDS
Progress of the team as a whole ? Problems encountered by the team that have caused difficulties ? Helps and hindrances to the operation of the team Review of work which outlines the following: ? The efficiency of team performance ? Review of the individual contribution made by each team member ? Discussion of any new problems encountered by individual team members Team problem-solving:		progress of the team as a whole; -- problems encountered by the team that have caused difficulties or hampered progress; -- helps and hindrances to the operation of the team. •• Work reviews: -- how well the team has functioned; -- review of the individual contribution made by each team member – ie peer review (see below); -- discussion of any new problems encountered by individual team members. •• Group problem solving: --		
W https://silo.pub/armstrongs-handbook-of-reward-management-practice-improving-performance-through- ...				
11/13	SUBMITTED TEXT	24 WORDS	82% MATCHING TEXT	24 WORDS
Interpersonal relationships b. The quality of participation and collaborative effort and decision-making c. The team's relationships with internal and external customers d. The		interpersonal relationships; •• the quality of participation and collaborative effort and decision making; •• the team's relationships with internal and external customers; •• the		
W https://silo.pub/armstrongs-handbook-of-reward-management-practice-improving-performance-through- ...				
12/13	SUBMITTED TEXT	27 WORDS	100% MATCHING TEXT	27 WORDS
a small number of people with complementary skills who are committed to a common purpose, performance goals and approach for which they hold themselves mutually accountable.		A small number of people with complementary skills who are committed to a common purpose, performance goals and approach for which they hold themselves mutually accountable'.		
W https://silo.pub/armstrongs-handbook-of-reward-management-practice-improving-performance-through- ...				

13/13

SUBMITTED TEXT

112 WORDS

94% MATCHING TEXT

112 WORDS

Interpersonal relationships ? The quality of participation and collaborative effort and decision-making ? The team's relationships with internal and external customers ? The capacity of the team to plan and control its activities and the ability of the team and its members to adapt to new demands and situations ? The flexibility with which the team operates ? The effectiveness with which individual skills are used ? The quality of communications within the team and between the team and other teams or individuals Team performance reviews: Team performance review meetings analyze and assess feedback and control information on their joint achievements against objectives and project plans. The agenda for such meetings

interpersonal relationships; •• the quality of participation and collaborative effort and decision making; •• the team's relationships with internal and external customers; •• the capacity of the team to plan and control its activities; •• the ability of the team and its members to adapt to new demands and situations; •• the flexibility with which the team operates; •• the effectiveness with which individual skills are used; 118 Performance and Reward •• the quality of communications within the team and between the team and other teams or individuals. Team performance reviews Team performance review meetings analyse and assess feedback and control information on their joint achievements against objectives and project plans. The agenda for such meetings

W [https://sil0.pub/armstrongs-handbook-of-reward-management-practice-improving-performance-through- ...](https://sil0.pub/armstrongs-handbook-of-reward-management-practice-improving-performance-through-...)