**BISMA**

**Model Answer Paper**

**MBA IV Sem**

PERFORMANCE MANAGEMENT AND RETENTION STRATEGIES

**Section A**

**Q.1 Long Questions (Each carry equal marks)**

 **Attempt any 3**

**Q.1 Define performance management system. How it is different from performance appraisal. Discuss the role of appraisals in performance management.**

ANS Performance management is regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. It is by a means for promoting superior performance communicating expectations, defining roles within a required competence framework and establishing achievable benchmarks.

**According to Louis R Gomez and David B Mejia,**

“ Peformance management is the process through which managers ensure that employees activities and outputs contribute to organizational goals.”

**According to Armstrong,**

“ Performance management is a means of getting better results from the organization , teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements.”

**FEATURES OF PERFORMANCE MANAGEMENT**

**1. Performance overview** – Monitor the performance for the entire company, departments and specific users.



**2. Track and compare**– View performance development on goals and compare departments over time.



**3. Soft goals rating** – Evaluate employees’ behavioral performance and give them feedback to improve.



**4. Hard goals integration**–Add a simple data integration (API) to import achieved target data.



**5. Gamification and competition**–Gamify performance and run competitions with Performance Index leaderboards.



**6. Easily control weight and target**–Define exact interpretations of all goals and adjust targets and weights.



**7.Quick goals and templates**– Best practice templates makes it easy and quick to set up goals.



**8. Create individual goals and sub goals**– Easily create new goals and sub goals for individuals and departments. Goals can be independent or aligned with company level goals.



**9. Goal achievement marker**– Determine when realized goals are in red, yellow or green zone.



**10. Intuitive navigation**– Managers easily navigate departments and employees.



**11. Coaching sessions and objectives**– View open objectives and full coaching history.



**12. Manage short and long term objectives**– Create, edit, set deadlines, follow up, cancel or approve objectives.



**13. Predefined coaching models**–Use SMART, Why/what/how, MMTA, select free text, or set up your own model.



**14. Chat module**– Maintain ongoing development-focused coaching conversations on objectives
and facilitate modern employee performance reviews.



**15.Attach documents**– Add documents and assign new learning modules in your coaching
conversations.



**16. Push notifications**–Push email notifications directly to users’ inboxes.



**17. Evaluate employee performance**– Evaluate behavioral performance, skill levels and quantitative KPI performance.



**18. Approve achievements**–Keep track of achieved objectives.



**19. Soft Performance Management**–Conversational performance improvement

**20. Performance overview** – Monitor the performance for the entire company, departments and specific users.



**21. Track and compare**– View performance development on goals and compare departments over time.



**22. Soft goals rating** – Evaluate employees’ behavioral performance and give them feedback to improve.



**23. Hard goals integration**–Add a simple data integration (API) to import achieved target data.



**24. Gamification and competition**–Gamify performance and run competitions with Performance

Index leaderboards.

**DIFFERENCE BETWEEN PERFORMANCE MANAGEMENT AND PERFORMANCE APPRAISAL**

Performance management is different from performance appraisal in a following ways:-

|  |  |
| --- | --- |
| **Performance appraisal** | **Performance management** |
| Operational | Strategic |
| Top-down assessment | More likely to involve dialog |
| Retrospective for corrections | Future-oriented for growth |
| Typically once or twice per year | Ongoing or continuous review, interspersed with formal reviews |
| Often uses ratings or rankings | Less likely to involve ratings |
| Rigid structure/system | Flexible process |
| Not linked to business needs | Linked to business needs |
| Usually takes a quantitative approach | Combines quantitative and qualitative approaches |
| Individual | Collective |
| Often linked to compensation | Not usually linked to compensation |
| Often very bureaucratic with a focus on paperwork/documents | Less concerned with documentation |
| Usually housed in HR department | Conducted by managers and superiors |

**ROLE OF APPRAISALS IN PERFORMANCE MANAGEMENT**

**1. Giving and Receiving Feedback**

An effective employee appraisal provides an opportunity to give feedback as well as receive it. The employee receives important information as to what areas of the job she is performing well and those that need improvement, so she knows exactly where she stands. The reviewer can also receive feedback from the employee that can help her make improvements in the work environment. The reviewer may also uncover issues that could be impeding employees from performing their best, and she can take corrective measures if necessary.

## 2. Setting Goals

In addition to reviewing performance based on previously established goals, the performance appraisal is also a good time to establish new goals. If deficiencies are identified during the appraisal, the reviewer and employee can work together to establish new goals as well as develop a plan to reach them. For example, if a salesperson missed his sales quota for the year, he and the reviewer can establish a plan to reach next year's quota by increasing call activity by a certain percentage.

## 3. Improving Communication

Employee appraisals are important for improving communications between the employee and reviewer. By speaking openly about the job performance and issues that may be affecting it, the employee and reviewer can develop a sense of trust that may have been lacking. Employees who previously did not feel comfortable approaching the reviewer with a problem may become more likely to voice her concerns, which can prevent a small issue from escalating into a major problem over time.

## 4. Measuring Recruitment Efforts

Performance appraisals can provide key information that can help evaluate recruiting practices. For example, if a high percentage of workers who were hired within a recent time frame scored well on their appraisals, the company may conclude that its recruiting process is working effectively. On the other hand, the presence of many poor performers may indicate that the recruiting efforts are missing the mark and the hiring process may need an overhaul.

 **Q.2 Write short note on Performance Planning.**

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

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

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

The **performance planning** is a formal process in organizations for discussing, identifying and planning the organizational as well as individual goals which an employee can or would achieve in coming appraisal or review cycle. The performance and planning are done both but the employer as well as employee through a proper plan called development plan.

**Need for Performance Planning:**

Performance planning is the first step of performance management. Performance planning is the process of determining what and how a job is to be done in such a manner that both the employee and his superior understand what is expected from the employee and how success is defined and measured. Performance planning for an employee flows from organizational or unit objectives and is undertaken jointly by the employee and his superior.

Performance planning is a simple way of ensuring that the employee gives quality inputs that will ensure the output expected from him. Planning gives a sense of direction and ensures good economics for the company. In addition, it ramps up the contribution of the individual and enhances his self-worth.

#### **Planning Individual Performance:**

Annual performance appraisal exercise provides good opportunities for performance planning.

**This may provide many ways in which individual performance can be planned, some of which include:**

1. Task Analysis.

2. Key performance areas (KFA’s).

3. Key result areas.

4. Task and target identification.

5. Activity plans/ action plans.

6. Goal setting exercise.

**Performance planning process**



Performance plans are decided between the supervisor and employee working together.  They together determine the performance expectations and development objectives to be accomplished during the review period. They discuss goals, objectives and expectations for the review period. The process helps to improve the communication and discuss the career development plan of the employee. The objective and need for performance planning is required:

 1. To come to agreement on the individual’s job responsibilities

 2. To remove any ambiguity of the goals and objectives that needs to be achieved

 3. To identify the competencies required for doing the job

 4. To create an appropriate performance and career development plan for the individual

### Benefits of Performance Planning

1. If performance expectations (goals) are clearly set and communicated to employees, everyone will work towards a target or goal.   People who have a clear target have much higher motivation to perform to their full potential and derive job satisfaction than those who are performing just their routine activities.
2. Employees will also have a sense of purpose that their work contributes towards achieving organization objectives.
3. At the end of the year, during the performance appraisal, (and also through frequent reviews in-between the year), the employees performance can be measured against the target.  This would help employees to improve the performance and thereby help in organizational goal achievement.

So by proper performance planning, organizations can ensure that not only organizational goals are met, but they can use these goals for measuring the employee performance in an objective manner.

**Q.3 What do you mean by performance coaching?**

ANS. Coaching, in its simplest form, means to train, tutor or give instruction. It is an excellent skill that can be used to enhance growth and performance, as well as promote individual responsibility and accountability. Performance coaching is an ongoing process which helps build and maintain effective employee and supervisory relationships. Performance coaching can help identify an employee's growth, as well as help plan and develop new skills. Using their coaching skills, supervisors evaluate and address the developmental needs of their employees and help them select diverse experiences to gain necessary skills. Supervisors and employees can work collaboratively on developing plans that might include training, new assignments, job enrichment, self-study, or work details.

There are many types of coaching elements that provide a framework of the coaching process. The following are examples of elements from the Idaho Division of Human Resources that are essential when it comes to performance coaching:

* **Building Trust** - Trust is key to coaching. The supervisor and employee relationship must have some level of trust for coaching to work. A mutual interest in the success of the other is critical. Trust can begin to develop through open, honest feedback and respect.
* **Defining the Issues** - The supervisor/manager should seek information from the employee to better understand the issue or performance in question. The emphasis is not on proving who is right or wrong, but on gathering information in a non-judgmental manner.
* **Coaching for Success** - Taking employees from compliance to commitment can be difficult. Finding or creating that factor means sometimes helping the employee get in touch with what matters to him/her - what are his/her internal goals. Sometimes this is best achieved through the use of open-ended questions leading to the employee's self discovery.
* **Creating a Plan of Action** - For the purpose of buy-in and commitment, the supervisor and the employee should jointly create an action plan. The plan should include performance goals that are simple, measurable and attainable.

**CHARACTERSTICS**

* Performance coaching involves establishing a relationship between managers and staff for the purpose of improving performance.
* With the help of teaching, mentoring, counselling and providing feedback, managers inspire and motivate their employees to succeed.
* It is continous as well as development process in which all personnel grow or develop.

## How does working with a coach help?

### Working with a coach can help you to:

* Identify road blocks to achieving your true potential
* Set practical, achievable goals
* Develop new skills
* Identify and maximise strengths
* Develop tools to overcome weaknesses
* Develop a greater understanding of your wants, needs and desires
* Sense, identify and understand the emotions and reactions of others
* More effectively inspire and drive a team towards success
* Address and overcome negative behaviour and thought processes that create road blocks



**Difference between Counselling and Coaching**

|  |  |
| --- | --- |
| **Counselling** | **Coaching** |
| Counselling as therapy seeks to explore and resolve underlying personal issues | Coaching emphasises practical issues such as goal setting and achieving results within timeframes |
| Counselling in the workplaces tends to emphasise the problems involved with not meeting a required standard | Coaching is proactive, it aims to identify and solve problems before they arise. It emphasises empowerment and strengths and how the employee can leverage these to grow and develop |
| Counselling is needs based and can therefore be event based | Coaching involves ongoing continuous development |

**Benefits of performance coaching to Managers and coachee**

|  |  |
| --- | --- |
| **Coaching Benefits to Managers** | **Coaching Benefits to Coachee** |
| * Coaching builds rapport and strengthens relationships with employees
* Coaching helps the manager to recognize development needs of the team as a whole
* Coaching provides information to make a more objective performance appraisal
* Coaching enables the manager to delegate with more confidence freeing up time for their own work
* Increased effectiveness in performance with improved results reflects well on the manager (and the team!)
 | * Coaching develops more confidence and competence
* Coaching opens up opportunities to acquire new skills and to demonstrate competencies at higher levels
* Increases job satisfaction through the opportunity to have more influence and involvement in their work
* A greater range of skills means greater job prospects
* Coaching develops the ability to learn how to learn, a key transferable skill
 |

**Performance coaching Techniques**

Keeping skill sharp

Using IT tools

Following an agenda

Asking questions

Active listening

Role playing and practicing

Discuss sensitive issues

Explore other options

**Guidelines for Effective performance coaching**

* Coach must be able to define the boundaries.
* Coaches must remember that they are not in control.
* Coach must be knowledgeable.
* Coach must have a clear understanding of the different competencies.

**Q.4 Explain the traditional and modern method of Performance Appraisal**

 **ANS. PERFORMANCE APPRAISAL**

 Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

### Objectives of Performance Appraisal

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes

**The following two methods of performance appraisal are as follows :**

 **(1) Traditional Methods**

 **(2) Modern Methods**

### 1. Traditional Methods:

These are the old methods of performance appraisal based on personal qualities like knowledge, capacity, judgment, initiative, attitude, loyalty, leadership, judgment etc.

**The following are the traditional methods of performance appraisal:**

Unstructured method of appraisal

Straight ranking method

Paired comparison method

Man to man comparison method

Grading method

Graphic scale method

Forced choice method

Checklists

Critical incident method

Field review method

**DETAILS :**

**1. Unstructured Method of Appraisal:**

This is the simple method of performance appraisal. It is highly subjective in nature. Under this method appraiser has to describe his impressions about the employee under appraisal in an unstructured manner. Sometimes rater has to list his comments specifically on qualities, abilities, attitude, aptitude and other personal traits of the employees. This makes the method highly subjective. Personal bias reflects through the impression of the rather in his report.

**2. Straight Ranking Method:**

It is quite simple and old method of performance appraisal. Under this method the employee and his performance are considered as an entity. All the employees are evaluated by the appraiser considering their performance of job as a base and ranks are given.

The order of rating ranges from best to worst. This method is also highly subjective and lacks fairness in assessing the real worth of an employee. It becomes a difficult task when performances of pretty large number of employees are to be assessed. It lacks systematic procedure of performance appraisal. The next method of paired comparison is an improvement over this method.

**3. Paired Comparison Method:**

This method is an attempt to improve upon the simple ranking method. Under this method employees of a group are compared with one another at one time. If there is a group of five employees A, B, C, D and E then A’s performance is compared with that of B’s and decision is taken as to whose performance is better.

**4. Man to Man Comparison Method:**

This method was used during World War I by the American army. Under this method certain factors are selected for analysis. The factors include leadership qualities, initiative etc. The appraiser develops scale for each factor. Personnel’s are compared to key men as regards one factor at a time. This method is also known as factor comparison method. The defect of this method is that the developing a scale is quite tough and complicated task.

**5. Grading Method:**

Under this technique of performance evaluation certain categories of worth are determined in advance and they are carefully defined. These selected and well defined categories include grade ‘A’ for outstanding, ‘B’ for very good, ‘C’ for average, ‘D’ for poor etc. These grades are based on certain selected features of employees such as knowledge, judgment, analytical ability, leadership qualities, self expression etc. The actual performance of employees is compared with the above grades and employees are allotted grades that speak for their performance.

**6. Graphic Rating Scale:**

This is one of the most widely used performance evaluation technique. The evaluator is asked to rate employees on the basis of job related characteristics and knowledge of job. These can broadly be grouped as employee characteristics and employee contribution.

Evaluator is given printed forms. The employee characteristics include leadership qualities, initiative, industriousness attitude, cooperation, interest, creativity, loyalty, decision making ability, analytical ability, dependability etc. The employee contribution includes responsibility, quality of work, achievement of targets, versatility, relations with fellow employees and superiors etc. The performance is evaluated on the basis of these traits on a continuous scale.

**7. Forced Choice Method:**

This method was developed during World War II for evaluating the performance of American army personnel’s. The evaluators have the tendency to rate the performance as high, moderate or low and escape the important responsibility assigned to them. This method requires more objective and least subjective assessment of the performance.

**8. Check List:**

It is the simplest form of evaluation method. Under this method a list of Statement describing the job related behaviour of the employees is given to the evaluator. If the evaluator perceives that the employee possesses a particular trait, the statement is checked i.e. ticked and if he feels that the employee does not possess that quality he leaves it blank. He then submits it to the human resource department where counting of the checks is carried out and performance is assessed.

**9. Critical Incidents Method:**

Under this method the performance of the worker is rated on the basis of certain events that occur during the performance of the job i.e. the evaluation is based on key incidents. An emphasis is laid on the behaviour of the worker on the job. His behaviour is observed as to whether he becomes upset over work, resists, cooperates with fellow worker, suggests an improvement in method of work etc. Various such behaviours are recorded by the supervisor.

The method requires that the behaviour of employees in all significant incidents to be recorded the effective and ineffective behaviour in a specially designed notebook. The notebook contains various categories characteristics about the employees.

**10. Field Review Method:**

Under this method a supervisor is interviewed from human resource expert from human resource department. The evaluator is equipped with test questions usually memorized by him which asks to the supervisor. Supervisor is expected to give his opinion about the subordinates such as about his weakness and strength, outstanding ability, willingness to cooperate etc. The evaluator records the details which are approved by the supervisor and these are kept in the personal file of the employee.

To make the method more effective evaluator must be well versed and competent in his job. This method is useful for a large organisation where lots of employees are working. It is not suitable for small organisations. It is a costly method and keeps two managerial staff busy with a single work hence costly.

**Drawbacks of traditional method :**

Halo effect

Central tendency

Leniency and Strictness

Miscellaneous Biases

**MODERN METHOD OF PERFORMANCE APPRAISAL**

Modern methods are an improvement over the traditional methods. Modern methods are an attempt to remove defects from old methods. The modern methods of judging the performance of employees are developed. These modern methods are discussed as below.

**1. Target Setting Approach of Management by Objectives:**

Peter Drucker has developed this method of performance appraisal. It is a powerful method of managing and of evaluating performance. It attempts to keep external controls to minimum and internal motivation to maximum. It sets the goal jointly for superior and subordinates both increasing subordinate’s own control of his work.

It advocates strongly the active participation from subordinates in decision making that affect subordinates. Management by objectives is a system approach to management. Under this method a target is fixed for performance and is rated on the basis of achievement of the target. It is a method of measuring the performance against results.

**2. Behaviourally Anchored Rating Scales (BARS):**

It is recently developed method of rating in behavioral terms. The exponents of BARS claim that it is more reliable and advantageous method of performance appraisal. It is designed to identify critical areas of performance of a job. Under this method the behaviorally anchored ratings scales are outlined to recognize the critical areas of effective and ineffective performance behaviour for getting results.

The evaluator is required to observe the behaviour of the employee while performing the job. He then compares these behavioral observations with the behaviorally anchored rating scales. Experimental studies of BARS had collected eight performance criteria namely knowledge and judgment, human relations skills, conscientiousness, skill in operation of register, organizational ability, skill in monetary transaction, observational ability. This method is more valid and expected to give more reliable results as it minimizes the errors in performance appraisal. It identifies measurable behaviour therefore more scientific.

**Q 5.Explain the meaning, objective and process of Potential Appraisal.**

Ans. The potential appraisal refers to the appraisal i.e. identification of the hidden talents and skills of a person. The person might or might not be aware of them. Potential appraisal is a future – oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy. Many organisations consider and use potential appraisal as a part of the performance appraisal processes.

 **The purposes of a potential review are:**

1. to inform employees of their future prospects;
2. to enable the organisation to draft a management succession programme;
3. to update training and recruitment activities;
4. to advise employees about the work to be done to enhance .their career opportunities.

**Techniques of potential appraisal:**

1. Self – appraisals
2. Peer appraisals
3. Superior appraisals
4. MBO
5. Psychological and psychometric tests
6. Management games like role playing
7. Leadership exercises etc.

**Potential appraisal** helps to identify what can happen in future so that it can be guided and directed towards the achievement of individual and organizational growth and goals. Therefore, potential should be included as a part of the Performance appraisal in organizations.

**Potential appraisal** is a future-oriented **appraisal** whose main objective is to identify and evaluate the **potential** of the employees to assume higher positions and responsibilities in the organizational hierarchy. Many organizations consider and use PA as a part of the performance **appraisal** processes.

**OBJECTIVES OF POTENTIAL APPRAISAL :**

**Providing feedback :**  is the most common justiﬁcation for an organization to have a performance appraisal system. Through its performance appraisal process the individual learns exactly how well he/she did during the previous twelve months and can then use that information to improve his/her performance in the future. In this regard, performance appraisal serves another important purpose by making sure that the boss’s expectations are clearly communicated.

**Encouraging Performance Improvement**. How can anyone improve if he doesn’t know how he’s doing right now? A good performance appraisal points out areas where individuals need to improve their performance.

**Motivating Superior Performance.** This is another classic reason for having a performance appraisal system. Performance appraisal helps motivate people to deliver superior performance in several ways. First, the appraisal process helps them learn just what it is that the organization considers to be ‘‘superior.’’ Second, since most people want to be seen as superior performers, a performance appraisal process provides them with a means to demonstrate that they actually are. Finally, performance appraisal encourages employees to avoid being stigmatized as inferior performers (or, often worse, as merely ‘‘average’’).

**Setting and Measuring Goals.** Goal setting has consistently been demonstrated as a management process that generates superior performance. The performance appraisal process is commonly used to make sure that every member of the organization sets and achieves effective goals.

**Counseling Poor Performers.** Not everyone meets the organization’s standards. Performance appraisal forces managers to confront those whose performance is not meeting the company’s expectations.

**Determining Compensation Changes.** This is another classic use of performance appraisal. Almost every organization believes in pay for performance. But how can pay decisions be made if there is no measure of performance? Performance appraisal provides the mechanism to make sure that those who do better work receive more pay.

**Encouraging Coaching and Mentoring.** Managers are expected to be good coaches to their team members and mentors to their proteges. Performance appraisal identiﬁes the areas where coaching is necessary and encourages managers to take an active coaching role.

**Supporting Manpower Planning.** Well-managed organizations regularly assess their bench strength to make sure that they have the talent in their ranks that they will need for the future. Companies need to determine who and where their most talented members are. They need to identify the departments that are rich with talent and the ones that are suffering a talent drought. Performance appraisal gives companies the tool they need to make sure they have the intellectual horsepower required for the future.

**Determining Individual Training and Development Needs.** If the performance appraisal procedure includes a requirement that individual development plans be determined and discussed, individuals can then make good decisions about the skills and competencies they need to acquire to make a greater contribution to the company. As a result, they increase their chances of promotion and lower their odds of layoff.

**Determining Organizational Training and Development Needs.** Would the organization be better off sending all of its managers and professionals through a customer service training program or one on effective decision making? By reviewing the data from performance appraisals, training and development professionals can make good decisions about where the organization should concentrate company-wide training efforts.

**Validating Hiring Decisions.** Is the company hiring stars, or is it ﬁlling itself with trolls? Only when the performance of newly hired individuals is assessed can the company learn whether it is hiring the right people.

Appraisal has been the silent weapon, which is mainly used to uplift the confidence and also provide great sense of belonging.Potential Appraisal is the best form to credit your employee. There are lots of benefits given below

**Benefits of potential Appraisal:**
1) Sense of Belonging
2) Uplifting Confidence
3) Highly Credible
4) Positive outcomes
5) Effective communication

**Advantages of doing potential appraisals:**

* They provide a record of performance over a period of time.
* They provide an opportunity for a manager to meet and discuss performance with an employee.
* Provide the employee with feedback about their performance and how they completed their goals.
* Provide an opportunity for an employee to discuss issues and to clarify expectations with their manager.
* Offer an opportunity to think about the upcoming year and develop employee goals.
* Can be motivational with the support of a good reward and compensation system.

**Disadvantages of potential appraisal**

* If not done appropriately, can be a negative experience.
* Are very time consuming, especially for a manager with many employees.
* Are based on human assessment and are subject to rater errors and biases.
* If not done right can be a complete waste of time.
* Can be stressful for all involved.

**PROCESS OF POTENTIAL APPRAISAL**

## Potential Appraisal cannot be applied to all in the same level —

There are people in the organization who have potential but who do not perform due to attitudinal problem. If they are promoted to higher designations then it becomes a problem for the employees as well as for the company. Dealing with workhorses too could be tricky. They can perform very well on routine tasks but have limited potential. Hence, if promoted, they are unable to perform higher level jobs. To conclude ‘stars’ are ideal people to have in organisations. But retaining these stars could be difficult. They have high potential backed by high levels of performance and could be always on the lookout for greener pastures. Thus, as we see, potential appraisal is more intricate and complex vis-à-vis performance appraisal.

## Potential appraisal does not ensure promotion.

Normally, companies do it to facilitate the growth of an individual. The companies can use the results of such an assessment for –

Recommending a growth plan that shows a bigger picture to the employees.

Infusing enthusiasm in the employees to sharpen their abilities.

Depicting about the training requirements of the employees.

Drawing a succession plan for future.

 Thus, Potential appraisal data is extremely useful for career panning, as the latent abilities of an individual can be captured and linked with the future role and responsibilities. Potential appraisal may thus be defined as a process of determining an employee’s strengths and weaknesses with a view to use this as a predictor of his future performance. This would help in determining the promotability of an individual to a higher position and chalk out his career plan. Most organisations incorporate potential appraisal in their appraisal processes for identifying and developing suitable employee base for succession planning.

SECTION 2 CASE STUDY

**SECTION- B CASE STUDY**

Zindal Steel Industries (ZSI) is one of the leading integrated steel makers and largest private sector producer of hot rolled coils in India set up as Monarco Zindal Ltd. in 1980 by founding chairman Mr. Jain, ZSI has steadily grown into 3500 crores company, assuming its position as a flagship of reputed Zindal group.

A corporate powerhouse with operation in iron, steel, mining, energy, and infrastructure, the group today figures among top 30 business houses in the country.

Company’s core competency is the production of high quality steel. It produces world class sponge iron, galvanized sheet and cold rolled coils, in addition to hot rolled coils, through its state of the art integrated steel plants, located at Kalmeshwar in the state of Maharashtra. In a short span of time since its conception, Zindal Industries has stedily raised the bar in terms of its relentless pursuit of technological advancement, unwavering focus on innovation, strident emphasis on quality products and its constant initiatives aimed at ensuring customer satisfaction. As it rapidly forges on all these fronts, Zindal has successfully reinforced its position as a market leader, while at the same time technological breakthrough and setting even higher standards for itself. Therefore to keep up their high track record young enthusiastic Manager Mr. Mukesh suggested PMS module for the betterment of the organization and management also accepted it.

 Management hired management consultant named Brian and Mark to prepare PMS module. According to this module the employees had to prepare their self appraisal report and submit it to their immediate superior which was ultimately verified and taken into consideration by the senior officials and management. The management was of the view that this could help in improving the efficiency of the employees. The short description of PMS system was given to the employees.

According to the management this was very different and efficient practice. The management felt that this was an indispensible part of their human resource practice as facilitated a better appraisal system through the performance analysis of employees. Also this system gave the management a timely report of employees performance qualitatively as well as quantitatively, depending on which it was more easier for the management to review and bring changes within the organization.

On the contrary, the employees feel that due to this practice they had to spend extra time in preparing the appraisal format and submit it to their superiors. The employees complaint that they had to allocate separate time for this. They felt that this was over burdening them. Though some of them accepted this system but there was a mass opposition from employees who felt that this was just a waste of time and resources. A few of them were very cynical about the system and said that it would just increase the politics and create more rifts between the employees and organization. The employees were of opinion that when there was already an efficient HR practice of appraisal carrying carrying on them there was no need of new system to be introduced.

Thus, Employees were reluctant in accepting the new change. Also many were fed up of the system as there were many doubts regarding the new system in their minds. Employees started hating Mr. Mukesh for introducing the new PMS system and started non co-opreation with them.

Questions

1. Analyze the situation where Mr. Mukesh went wrong.

One possible solution :

Mr. Mukesh introduced new PMS in an organization without consulting their employees and co workers. It made employee angry as they felt that due to this practice they had to spend extra time in preparing the appraisal format and then pass it to senior managers. This was overburdening them. An effective performance management system is only possible when all the employees all the senior managers and all the members are agreed and support the introduction of new performance management system.

1. How would you face this situation? What measure can be taken to introducing the new Performance management system in the organization?

One possible solution :

I would solve this situation by providing the information or advantages about the new PMS to the employees. As all the workers and employees were complaining that new PMS is very time consuming and putting heavy burden on them. I would allocate them extra time for preparing the appraisal format during the working hours. I would also clear the problems and doubts of every employees regarding the issue they are facing by new PMS and try to figure out their queries.

According to me the good way to introducing the new PMS is to take advise and full support of top management and senior persons and after that get full support and commitment of all the employees in an organization. I would also give chance to employees to give their suggestions before introducing the new PMS. I would also give effective training for implementation of new PMS.