Chapter 05 MAJOR FINDINGS AND RECOMMENDATIONS

5.0 An Overview of the Chapter

This chapter provides major findings and recommendations on the Performance Management system followed in selected companies and its relationship with Employee Engagement. This study is a descriptive research. The active participation and interest shown by the companies in providing data for the surveys have given impetus on the importance given by the management of these companies on employee engagement and growth. With the help of secondary research, the researcher has derived new perspectives on employee engagement. The review of literature has laid down the foundation of this study where the researcher has tried to collate and present the existing research on the concept of employee engagement and performance management. Further the studies link the concept of performance management system with employee engagement. This study mainly focused on the impact of the performance management system practiced in organizations studied on the engagement of employees at workplace. Therefore performance management system is considered as an independent variable and employee engagement is considered as a dependent variable. The surveys were conducted to find out the relationship between the two variables. Appropriate statistical techniques were chosen for data analysis and interpretation. The present chapter dwells on the results of the data analysis, major findings, recommendations and conclusions. Based on the data analysis certain training needs are identified which will help to increase the effectiveness of present performance management system followed in organizations and thereby result in high level of employee engagement.
The chapter is divided into 6 sections. Section 5.1 deals with major findings of the Experience Survey on PMS followed in the organisations studied. Section 5.2 presents the key findings of the Data Analysis. Section 5.3 introduces the need for training on performance management system. Section 5.4 introduces the design of the training module on performance feedback. Section 5.5 highlights the recommendations and Section 5.6 covers scope and limitations of the study.

5.1 Major Findings of the Experience Survey

The experience survey was conducted to take the opinion of the senior leaders in HR to understand the effectiveness of the present system of performance management system. The experience survey is based on the Unstructured Interviews conducted with HR heads of 4 financial services companies, 4 IT Companies and 1 Hospitality Company based in Mumbai and Pune. All the companies are following Performance Management System.

1. It is seen that, companies studied from the banking and financial services sector follow a traditional system of performance appraisal.

2. Mainly Rating or Ranking method is preferred however in some companies Multi Rater Feedback system is also followed for senior level positions.

3. Balanced scorecard is systematically followed in some companies to align many of the performance management practices with the key organizational goals.

4. It is observed that mentoring process in the organizations studied is more of an informal Process.

5. Performance feedback is generally seen as a onetime activity.
6. Most of the companies studied have development plans for high performers whereas the average performers are not provided with many opportunities for development.

7. The average performers are given training mainly to improve the present level of performance of employee.

5.2 Key Findings of the Data Analysis

- Out of a total 600 respondents Maximum (68.3%) of the respondents are Male.
- In Financial Services 67% of 200 respondents are Male and 33% are Females.
- In IT Industry 74% of the respondents are male and 26% are Females where n=200.
- In Hospitality Industry 64% of the respondents are Male and 36% are Females where n=200.
- The mean Age of total number of respondents in all three industries is 31.54 (32 years) where n=600.
- It is found that mean Age in Financial Services is 35.18 (35) where n=200,
- The mean Age in IT industry is 30.81 ie (31) where n=200.
- In Hospitality Industry mean Age is 28.61 (29) where n=200.
- The standard deviation of Age in Financial Services is 6.364 where n=200.
- The standard deviation of Age in IT industry is 8.870 where n=200.
- In Hospitality industry the standard deviation of Age is 5.191 where n=200.
- The total standard deviation of Age is 7.483 where n=600
- The mean of Experience is 53.99 (54 months) for 600 respondents.
• The Mean of Experience in Financial Services is 66.63 where n=200.
• The mean of Experience in IT industry is 51.97 where n=200.
• In Hospitality industry the mean of Experience is 43.38 where n=200.
• The standard deviation of Experience in Financial Services is 51.352 where n=200.
• In IT industry standard deviation of Experience is 23.879 where n=200
• The standard deviation for Hospitality industry is 12.826 where n=200
• The Mean of Age 35.18 (35 years) and the mean of Experience (66.63) are highest in Financial Services.
• In Financial Services industry the co-efficient of variation for Age is 18.089 and Experience is 77.070 where n=200.
• In IT industry the co-efficient of variation for Age is 28.789 and Experience is 45.947 where n=200.
• In Hospitality industry the co-efficient of variation for Age is 18.144 and Experience is 29.566 where n=200.
• The total coefficient of variation obtained for Age is 23.725 and Experience is 64.493 where n=600.
• Out of the 600 respondents surveyed 32.5% belong to the age group of 26-30 years.
• In Financial Services the highest percentage of the respondents (46%) belong to the age group of 36 and above where n=200.
• In the IT Industry maximum (38%) are in the Age group of 21-25 years where n=200.
• In Hospitality Industry Maximum (50%) of the respondents belong to the age group of 26-30 Years where n=200.

• Amongst the total 600 respondents maximum (43.3%) belong to the Experience group of upto 36 months.

• In Financial services maximum (63.5%) of the respondents belong to the Experience Group of 37-60 months where n=200.

• In IT Industry maximum (49%) of the respondents belong to the Experience Group of upto 36 months where n=200.

• In Hospitality Industry maximum (60%) of the respondents belong to the Experience group of upto 36 months where n=200.

• In the Experience Group of above 60 months maximum (15.5%) of the employees belong to Financial Services.

• In Financial Services industry maximum (92) respondents belong to the Age group of 36 and above where n=200.

• Out of the total number of respondents maximum number of respondents (127) are having an Experience between 37-60 months where n=600.

• Mean scores for EE is 45.64 and the mean score of PMS is 84.23 where n=600.

• The SD of EE is 7.244 and the SD for PMS is 13.865 where n=600.

• The coefficient of variation for PMS is 16.460 where n=600.

• The coefficient of variation for EE is 15.872 where n=600.

• The mean score of vigor is 15.86, dedication is 14.84 and absorption is 14.93 where n=600.
- The standard deviation of Vigor is 2.557, Dedication is 3.059 and Absorption is 2.452 where n=600.
- The Mean score of Goal setting is 26.08, Performance Feedback is 20.53, Mentoring is 25.07 and Development Opportunities is 12.54 where n=600.
- The standard Deviation for Goal Setting, Performance Feedback, Mentoring and Development Opportunities is 3.986, 3.985, 4.642 and 2.712 respectively where n=600.
- The coefficient of variation of Vigor is 16.122, Dedication is 20.613, Absorption is 16.423, Goal Setting is 15.283, Performance Feedback is 19.410, Mentoring is 18.516 and Development Opportunities is 21.626 where n=600.
- Karl Person’s Coefficient of Correlation between Performance Management System and Employee Engagement in Financial Services Industry (r= .654) where n=200.
- There exists a high positive correlation between Goal Setting with Vigor (r= .517), Dedication (r=.387) and Absorption (r=.320) in Financial Services Industry where n=200.
- There exists a high positive correlation between Performance Feedback with Vigor (r= .485), Dedication (r=.557) and Absorption (r=.399) in Financial Services Industry where n=200.
- There exists a high positive correlation between Mentoring with Vigor (r= .442), Dedication (r=.492) and Absorption (r=.369) in Financial Services Industry where (n=200).
There exists a high positive correlation between Development Opportunities with Vigor \((r=.643)\), Dedication \((r=.532)\) and Absorption \((r=.390)\) in Financial Services Industry where \((n=200)\).

Their exist a high positive correlation between Performance Management System and Employee Engagement in Information Technology Industry \((r=.968)\) where \(n=200\).

There exists a high positive correlation between Goal Setting with Vigor \((r=.888)\), Dedication \((r=.896)\) and Absorption \((r=.790)\) in Information Technology Industry where \((n=200)\).

There exists a high positive correlation between Performance Feedback with Vigor \((r=.758)\), Dedication \((r=.918)\) and Absorption \((r=.803)\) in Information Technology Industry where \((n=200)\).

There exists a high positive correlation between Mentoring with Vigor \((r=.849)\), Dedication \((r=.866)\) and Absorption \((r=.808)\) in Information Technology Industry where \((n=200)\).

There exists a high positive correlation between Development Opportunities with Vigor \((r=.910)\), Dedication \((r=.617)\) and Absorption \((r=.602)\) in Information Technology Industry where \((n=200)\).

Their exist a high positive correlation between Performance Management System and Employee Engagement in Hospitality Industry \((r=.987)\) where \(n=200\).

There exists a high positive correlation between Goal Setting with Vigor \((r=.847)\), Dedication \((r=.885)\) and Absorption \((r=.844)\) where \((n=200)\).
• There exists a high positive correlation between Performance Feedback with Vigor (r= .719), Dedication (r=.879) and Absorption (r=.867) where (n=200).

• There exists a high positive correlation between Mentoring with Vigor (r= .738), Dedication (r=.920) and Absorption (r=.919) where (n=200).

• There exists a high positive correlation between Development Opportunities with Vigor (r= .540), Dedication (r=.934) and Absorption (r=.943) where (n=200).

• The Karl Pearson Co-efficient of Correlation between independent variable Performance Management System (PMS) and Dependent variable Employee Engagement (EE) is (r = 0.853) which is significant at 0.01 level of significance where (n=600).

• Goal Setting (GS) is significantly correlated with Vigor (r = 0.710) Dedication (r = 0.663) and Absorption (r = 0.635) at 0.01 level of significance where (n=600).

• Performance Feedback is significantly correlated with Vigor (r= .672), Dedication (r=.784) and Absorption (r=.709) at 0.01 level of significance where (n=600).

• Mentoring is significantly correlated with Vigor (r= .654), Dedication (r=.726) and Absorption (r=.694) at 0.01 level of significance where (n=600).

• Development Opportunities is significantly correlated with Vigor (r= .695), Dedication (r=.675) and Absorption (r=.628) at 0.01 level of significance where (n=600).

• The study indicates that performance driven culture results in employees showing more dedication at workplace.
5.3 Training Needs Identified

Based on the responses received on the survey conducted with 600 respondents the researcher recommends that the organisations should develop focused training programs on Performance Feedback for managers and put more emphasis on employee development since this will encourage an organisational culture that supports employee engagement at workplace. According to the opinion of the respondents surveyed the quality of supervisor feedback is most critical in determining its impact on employee job performance. However the Head of HR departments and directors in the companies surveyed believe that there is a strong top management support required for these initiatives. The aim should be to develop performance culture that will support employee recognition and employee development. The companies studied have already, laid down policies for dealing with average performers which gives them very less chance for development but focuses more on present performance of the employee and achievement of KRA’s.

5.3.1 Creating a Culture of Performance Feedback

The process of giving and receiving feedback has the potential to be a win-win experience for employers and employees alike. In a productive performance discussion, organizations have the opportunity to reinforce company values, strengthen workplace culture, and achieve strategic objectives. Ideally, employees feel respected, invested in the company's success, and committed to their own learning and development.

Unfortunately, all too often feedback is poorly offered, unbalanced, and serves to undermine employee engagement and commitment. Inadequate feedback can do more
harm than good, and may compromise the very values you are trying to reinforce. Employees can become defensive rather than receptive, managers begin to dread initiating performance conversations, and the organization loses the potential innovation and engagement benefits a healthy two-way dialogue fosters.

In those organizations that consistently land on the "best places to work" lists, good leaders provide relevant feedback and conduct productive performance discussions on a regular basis—it is integral to their communication. They seek opportunities to share performance information, and their employees take ownership of and use the feedback they receive to meet the organizations’ goals, as well as their own. In this paradigm everyone benefits.

An organization's culture provides an important backdrop for creating an environment conducive to productive performance feedback conversations. In companies where people feel valued, trusted, and empowered, employees are likely to welcome such feedback as a tool for their growth and development. Conversely, in organizations where people fear the repercussions of honest dialogue, receptivity is low.

In a meaningful and productive performance feedback discussion, both parties don't necessarily need to agree, but they must feel heard, understood, and respected.

5.4 Training Design on Performance Feedback

5.4.1 Need and Significance of Training

Effectively providing feedback or coaching performance occurs when an employee and manager work together to ensure a good job is done and results are achieved. This is
achieved when both know what to do and how well to do it. It provides additional opportunity for communication between managers and employees but in no way replaces the need for effective day to day communication and management. The principle behind any performance management process is that giving feedback is crucial to working with people as it is an essential element of learning. Feedback motivates people by giving them a sense of achievement when it is positive, and provides an opportunity to improve any shortcomings when it is not. Effective feedback can improve performance and commitment. The characteristics of effective feedback are that it is well-timed, constructive and done in line with the employee’s needs and character.

5.4.2 Objectives

- Why giving the right kind of feedback is critical to YOUR success as a manager
- How often you should give feedback and whether should you set up a “feedback schedule”
- How to communicate both positive and negative feedback in a way that inspires your employees — and doesn't derail their productivity and morale
- What you should document during feedback sessions
- How to open up clogged lines of communication for two-way give-and-take
- How to measure an employee's progress for follow-up sessions
- The top 5 most common feedback mistakes and how to avoid them
- Why these kinds of feedback sessions will virtually eliminate the stress of the annual performance review for you and your employee
- BONUS: Real-world “life scripts” to help you know what to say — and avoid saying what you shouldn’t — during feedback sessions
5.4.3 Contents

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5.4.4 Duration and Trainee Characteristics
This training program is designed keeping in my mind the role of a manager or senior manager in service industry. The duration of this course will be 3 days divided into 6 sessions of 3 hours each.

5.4.5 Characteristics of the Trainer
For the purpose of this training a consultant should be hired along with an in-house expert who can assist in providing trainee information to the trainer.
5.4.6 Training Methodology

Case based discussion, role plays and experience sharing with PPT’s.

5.4.7 Training Evaluation Methodology

The focus of this training is to work on the perception and attitudes of the employees while providing performance feedback. It is seen that managers have undergone a lot of training on providing effective performance feedback. However the need is to develop a performance based culture with the positive approach towards reviewing subordinates performance at regular intervals rather than making it a one time activity. Hence the training program will work at the level of changing attitudes towards performance feedback.

5.4.8 Detailed Training Program

Module 1: Introduction

1. Setting Direction

Anyone who has ever run a business, or coached a team knows how difficult it is to get everyone heading in the same direction. Employees may know that they have a position description but they may not fully understand the performance expectations of them. To get the most out of your team, make sure they know the team’s objectives and the expectations that you have of their performance.

2. Setting Expectations up front

During Induction go through the Position Description for the role and explain the expectations of the job. These of course should align with what was explained in the interview. Another important document to go through at Induction is a Performance
Feedback Form which should be closely aligned with the Position Description. Explain to the employee that you will be reviewing them using the Performance Feedback Form towards the end of probation. If they pass probation inform them that you will be reviewing them using the form every 6 to 12 months.

3. Team Meetings

Hold regular staff meetings. They only need to be 10-20 minutes long. Aim to achieve two way communication with you and your staff.

What is the purpose of meetings?

- Give people information about the business in general; it’s goals, challenges etc
- Solve problems
- Discuss ideas
- Explain something
- Report on progress
- Share information

- What can go wrong at meetings?
- Can be slow/frustrating
- Often go “off track”
- No decisions are made - or they are unclear
- Go on too long
- Dominated by a few people
- Get bogged down in trivial issues
- People don’t say what they think
- Fights
- No follow up
- No record of decisions made
- No agenda to tell what will be discussed

- Suggestions for making your meetings effective
- Dates of future meetings (not just the next meeting) are set well ahead so that people can make arrangements to attend and can record the information in their diaries
- Make sure everyone has a chance to contribute
- Decide on the purpose of the meeting and stick to it
- Use minutes and agendas
- There are time estimates of how long each agenda item should take
- Have a chairperson to keep the meeting on track
- Listen to people
- Draw out quieter members, by asking direct questions
- Furniture is arranged so everyone can see everyone else.
- At the front of the room, there is a place to record ideas, preferably on a flipchart so that the information can be saved.
- At least once or twice during the meeting someone asks, “How are we doing on our meeting process today? How can we be more productive?”
- Those in attendance consider whether anyone else should be involved and, if so who
Module 2: Providing Feedback

Feedback can be of a positive or negative nature. We generally don’t like giving negative feedback because it may be construed as being nasty or insulting. Also, we find difficulty in receiving and handling negative feedback because of the possible effects upon our self esteem. Either way positive or negative feedback is part of the job. Some of the situations in which it may be appropriate to provide feedback are to correct mistakes, to recognise a person’s accomplishments and to offer encouragement and support.

1. How should we provide feedback?

   Regardless of whether we need to give positive or negative feedback, certain basic rules need to be considered when constructing and giving feedback.

   □ Specifically describe the problem you have observed

   □ Focus on the problem not the employee

   □ Indicate why it is a concern i.e. implications on the department

   □ Discuss the causes of the problem - find out the whole story

   □ Ask for the employee’s help in solving the problem. Identify and write possible solutions

   □ Decide on specific action to be taken - by you and the employee

   □ Agree on a specific follow-up date
2. Preparation

If you have the time, prepare what you want to say and the order in which you want to deliver the information. Write key points down to prompt you about what you want to cover. Have your facts in front of you. If you haven’t got time to do this, try planning in your mind what you want to say. Also, identify to yourself what you want the outcome of giving the feedback to be.

3. Time and Place

An appropriate time to give the feedback should be selected. If you or the other person are stressed, in a hurry, upset or angry don’t give the feedback straight away. However, don’t leave it too long before addressing the situation. Giving feedback too long after the occurrence will reduce the impact and credibility you want the feedback to have. If the feedback is of a sensitive nature take care about where you give it. As a general guide, the more serious the situation the more private the surroundings should be and the more you should take care to avoid being overlooked, overheard and interrupted by others.

4. Questioning

When giving feedback is important to use both open and closed ended questions. Open questions start with how, where, who, what and why and will enable a lot more information flow than closed ended questions. Closed questions have single word (yes/no) or factual answers. By using a mixture of open and closed questions you will be able to collect the information you need while at the same time, gaining an understanding of how the other person is accepting and dealing with the feedback that you are giving.
5. Non-verbal

When giving feedback it’s important to be aware of your own non-verbal behaviour and the non-verbal behaviour of the other person. If the person you are giving feedback to is fidgeting, looking out the window, frowning or shaking their head, then there are some cues that they are not receiving the feedback well. If you are aware of these non-verbal behaviours and adjust your discussion to accommodate them. For example, if the person appears to be nervous, you first need to make an effort to calm the person before beginning the feedback.

6. State facts clearly

When providing feedback, state the facts as clearly as you can and identify how you feel about the situation. When stating opinions or feelings make sure you indicate that these are opinions/feelings by using “I” statements. For example I think that I feel because It seems to me that Use explicit language. State exactly what you mean. If you are not clear or imply a message, the other person may misinterpret the message you are trying to get across.

7. Honesty

When giving feedback stick to describing what specifically you have observed or experienced rather than evaluating the other person. Concentrate on the problem or behaviour, not the person. By concentrating on the specific problem or behaviour you will assist the person to understand why the feedback has been given. For example, if you say,’ the person knows that you are happy with them but doesn’t know specifically what they did well’. It would be better to say, you did a great job in organising that last minute
delivery this morning. I especially liked how you used your initiative and sent out the revised delivery schedules to clients.” This statement tells the person what especially you liked about the event. If you are not clear and specific when giving feedback the other person may not change their behaviour because they will think that their current behaviour is appropriate and will not understand the need to change. Your lack of honesty may result in you having to handle a worse situation later down the track.

8. Consistency
Giving feedback means being consistent with your messages. Conflicting messages, no matter how well intended, affect us later in life because we continue to be unsure as to the direction we should take.

9. Handling Difficult Situations
   - Defensiveness
     - Describe the situation as a problem to be solved rather than criticising the employee for poor performance
     - Listening to people and “showing” that you understand what they are saying reduces defensiveness
     - People do not feel like they are being attacked in a joint problem solving discussion

10. Disagreement
    - Listen openly; do not become defensive or argumentative
    - Check to make sure you understand the reasons for disagreement
    - Use empathy
    - If you need time to gather more information, reschedule the discussion
11. Apathy
   - Ask a question about a known interest or accomplishment and build on it
   - Ask open-ended questions
   - Reinforce open-ended questions
   - Reinforce the importance of two way communication

12. Anger
   - Let the employee “vent” emotions; listen patiently
   - Maintain or enhance self esteem
   - Remain calm; don’t get into an argument
   - If necessary, reschedule the review discussion

13. Chance to respond

   When giving any type of feedback always give the receiver of the feedback a chance to respond to what you are saying. This doesn’t mean giving the person the opportunity to make excuses or wiggle out of things, it means encouraging the person to contribute to both your and their own understanding of the situation. Use phrases such as “What do you think?” or “How do you see that?” These phrases invite opinions.

14. Active Listening

   Active listening is effective listening. About 45% of the time we spend communicating with people we spend listening to them. Studies have shown that we can hear about nine things at once - but we can only effectively listen to one thing at a time. Our minds are working overtime, taking in, sorting out, recalling, etc.

   Some common barriers to active listening are:
we want to talk rather than listen - interrupting
we are thinking of what we want to say next
we keep doing what we are doing while we are supposedly listening - pretending
we focus on one thing they have said - and get the wrong idea as a result
we misunderstand the other person
we don’t like what is being said - so we switch off - judging/biasing
jargon is used
we’re uninterested in the topic
we’re day dreaming

Our jobs involve lots of listening. We need to listen to our customers and in particular our team members - because these people make the group achieve. If they have problems or concerns then we really need to listen and deal with it effectively if we are to maintain both staff and customer morale. Listening is most important as a leader because you need to deal with issues that affect projects, peers, others etc. Listening is the best way to find out what is going on and then find solutions to potential problems.

- Tips for active listening
  Be physically comfortable - be natural, face the speaker
  Make eye contact - be natural, don’t stare
  Be a whole body listener - face the person directly
  Eliminate distractions - personal mannerisms, other interruptions
  Encourage - nod, smile, lean forward
  Use expanders - ask for more information, or ask for an example
Stop what you are working on Wait before responding - make sure you have the whole story

☐ Check your understanding of the issues before responding “If I understand you correctly you feel…”

☐ Be patient

☐ Ask for clarification if words are used you don’t understand

☐ Acknowledge people’s feelings

Summary

If staff’s performance is below or above expectations then there is a performance gap. Gaps should be discussed with employees so that corrective action can be taken. The gap is important because it will form the basis upon which discussion will take place. Performance gaps will be about:

☐ behaviour of an employee - i.e. what they say or do (something you hear or see)

☐ a work target which is not being met.

Feedback on performance gaps should be given non-defensively (neither aggressively nor passively). Performance problems are more likely to be solved through two-way communication.

**Module 3: Making a Time to Review Performance**

A performance appraisal is a planned review of performance between the employee and the manager. The manager and the employee will discuss performance against key job criteria which are often found in the position description. Staff need to know if they are not meeting standards required, or if they are doing things incorrectly. They can’t
change their behaviour if they do not know that their performance is not up to standard. They should also be told when they are doing something well. A pat on the back for good work is a great motivator. Part of your job as a coach is to give feedback every day, however it is important to put some time aside to do a formal review every 6 months or so. In the case of a dispute regarding unfair dismissal, it is important to have a history of performance records to help support decisions. From this perspective, performance appraisals are a critical part of management. Using a performance appraisal form will assist in building a history of effective performance review. Other benefits of a performance appraisal include:

□ Chance to dedicate some time to face to face discussion on performance

□ Identify obstacles to performance

□ Redirect focus

□ Plan for support/ training/ development/ coaching

□ Opportunity for employee to raise concerns

1. Preparing

□ Give the person notice of when the review will occur so they can prepare.

□ Give staff member the Performance Appraisal Form at least one week prior to the scheduled time for the review. Explain the form if necessary.

□ Set aside an adequate block of uninterrupted time and arrange a private area.

□ Go through the performance appraisal form for the job. Make an initial assessment as to whether the employee has performed the job responsibilities “well” or “needs improvement”
- Prepare draft notes to support your assessment
- Determine the person's performance strengths/weaknesses and:
  - prepare specific, unbiased documentation
  - identify possible improvement areas in case the person needs assistance in preparing a suitable development plan

2. Team member input

The employee considers how they think they have performed. Employees should raise any problems or concerns that they may have encountered in performing a specific activity. This column allows the employee to give a personal perspective on why a job area may be being performed less than adequately. It acts as a reminder to the reviewer who may only see the outcomes and not what is happening on a daily basis.

3. Conducting the discussion

- Find an office or quiet place and divert the telephone.
- Plan to begin the discussion by creating a sincere, open, friendly atmosphere, this includes:
  - reviewing the purpose of the discussion
  - making it clear that it is a joint discussion
  - striving to put the employee at ease
- Ask the employee how they went against the assessment criteria.
  - Ask them to elaborate on why they did well or why they need improvement
  - Give them some feedback from your perspective against the criteria.
  - Give specific example of performance (good and bad)
• Share your rating against the criteria

☐ Agree on the rating

☐ Where the rating is “needs improvement”, decide on a development or improvement goal.

• Encourage the employee to outline their personal plans for self development before suggesting ideas

• Strive to reach agreement on appropriate development plans which details what the employee intends to do, by when and the support required

☐ Be willing to ask the employee to provide feedback on your management style, whether they feel supported, and your general performance as a manager.

4. Closing the discussion

☐ Be prepared to make notes during the discussion. In closing:

• summarise what has been discussed

• give the employee an opportunity to make additional suggestions

• end on a constructive note

5. After the interview

☐ As soon as the discussion is over, summarise plans made, points requiring follow-up, commitments made and provide a copy to the employee.

☐ Evaluate how you handled the discussion - what you did well/ what you need to improve.

6. Common problems with a formal Appraisal

☐ The person is not put at ease - they don’t know what to expect
- The person gets little opportunity to express themself - you talk too much
- The person feels unfairly appraised and is afraid to disagree
- You use criticism more often than praise
- You become defensive when challenged

7. Skills a manager needs for effective performance review

- Practise providing feedback 365 days a year, not 1 hour every 12 months
- Identify issues in relation to specific behavioural facts rather than personality or generalisations
- Discuss issues the employee can change or build on strengths
- Give feedback on all situations, including negative
- Ask questions, rather than always giving your point of view. Allow the employee time to think.
- Be open-minded and prepared to listen and change point of view
- Be aware of body language (self and employee)
- Prepare, work out what has and hasn’t been achieved, and think of areas for development and growth.

**Module 4: Discussing Performance Concerns**

We have looked at coaching and providing feedback for good performance and as part of a regular review/get together, but there may also be situations when you have to take charge and provide feedback on an immediate performance concern. Even for an informal performance discussion, it is important that we prepare and plan what and how the discussion is going to take place. Remember “if you fail to plan you plan to fail!”
1. Prepare your thoughts for the discussion (history, facts of the problem and relevant data should be collected prior to the discussion). Complete a discussion plan.

2. Give feedback on performance. Focus on what the performance concerns are and where the performance is short of requirements.

3. The team member must always be provided with the opportunity to respond to your feedback. Use active listening to demonstrate and check understanding. At this stage, you may determine that no further action is required.

4. If you need to continue the discussion, use open questions to establish what problem(s) are affecting performance.

5. Ensure there is agreement on the problem.

6. Use questioning to involve the team member in generating solutions to overcoming the problem.

7. Give feedback on solutions. Discuss how practical they are and where appropriate, express support.

8. Action plan what the team member must do and by when. Specify the acceptable standards of performance or behaviour required.

9. Make time for any review meetings. These will evaluate whether performance has improved and identify any further actions necessary. Make sure the review time set is reasonable.

10. When performance has improved, use positive reinforcement.

11. Review your own performance in leading the discussion and identify ways to improve next time.

- I had like to have a word with you- the “discipline” interview Discipline
• Instructions imparted to disciples or scholars; teaching; learning; education; schooling
• Instructions having for its aim to form the pupil to proper conduct and action
• Correction; chastisement; punishment inflicted by way of correction and training

12. A discipline interview should be held if the need becomes obvious as a result of logical analysis of someone’s behaviour or performance against the accepted standards for the job. The steps to take are:

• Establish the Gap - check the facts on the person’s performance (personal files, clock cards, customer complaints, work sheets, unfinished work, budgets etc) and check the facts on your requirements (company rules, position description, Key Performance Indicators, performance records of others).

• Explore the reasons for the gap- most people will approach such a discussion with sullen silence, aggression, petulance, bravado, or resentment. Choose a private place and be straightforward about the reasons for the discussion then ask open-ended questions to get the employee to state their case about the situation. Listen to the answers to determine if it is a personal problem or grievance ( where you should hear them out and attempt to get to the cause of the issue and resolve or make a temporary adjustment in expectations) or discipline situation in which case you need to agree on an improvement plan and move to the next step.

• Eliminate the gap- remind the employee of what is expected, and why this volume or standard of work is important or why the rules must be kept. Ask them what
they are going to do about it then tell them how you will help them achieve this work standard (i.e. more training or information) and fix some improvement targets. In all cases you must fix a review date and explain what the procedural consequences will be if there is no improvement by this date. You should make it clear that you want the employee to succeed, and that you will be giving help and encouragement to do so during this review time.

**Figure: 13 Investigation and Disciplinary Procedures**

- **Aim of Disciplinary Procedures**
  - To effectively deal with marginal or below standard performance or conduct
  - Guide managers towards fair and equitable outcomes
  - To address performance problems at the time they occur
  - To provide employees with a real opportunity to improve
  - To ensure flexibility given the particular circumstances of each case
  - To enable managers and employees to review and agree expectations for performance and development
  - To provide guidance on how to improve
13. Investigation

It is crucial that all situations be investigated before the appropriate course of action is determined. All relevant facts must be considered objectively.

**Table: 20 Gathering the Facts- Some Helpful Questions**

<table>
<thead>
<tr>
<th>Situation</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declining Performance</td>
<td>What specific areas of the job is the employee not performing in?</td>
</tr>
<tr>
<td></td>
<td>Is the employee been told how to do that part of their job?</td>
</tr>
<tr>
<td></td>
<td>Has the employee received feedback in the past?</td>
</tr>
<tr>
<td></td>
<td>What external influences might be causing decreased performance</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>What is it that the person actually says or does which is unacceptable?</td>
</tr>
<tr>
<td></td>
<td>Do not settle for “An Attitude Problem”</td>
</tr>
<tr>
<td></td>
<td>Be specific about the behaviours demonstrated</td>
</tr>
<tr>
<td></td>
<td>What is the actual impact on performance?</td>
</tr>
<tr>
<td></td>
<td>What evidence is there to justify your conclusion?</td>
</tr>
<tr>
<td></td>
<td>What do your want the person to do differently?</td>
</tr>
</tbody>
</table>

### Unacceptable Behaviour i.e.

- Refusal to work as a team
- Rude tone to customers
- Increased complaining
- Refusal to approach customers
- Aggressive behaviour when faced with change

What is it that the person actually says or does which is unacceptable?

- Do not settle for “An Attitude Problem”
- Be specific about the behaviours demonstrated

What is the actual impact on performance?

What evidence is there to justify your conclusion?

What do your want the person to do differently?
Skill Deficiency i.e
- Inefficient time management
- Lack of product knowledge

<table>
<thead>
<tr>
<th>Skill Deficiency i.e</th>
<th>What is the skill deficiency? Can I pinpoint and define it?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>How does it impact on performance?</td>
</tr>
<tr>
<td></td>
<td>Has the employee been trained in that Skill/Knowledge area</td>
</tr>
<tr>
<td></td>
<td>Consider other reasons such as:</td>
</tr>
<tr>
<td></td>
<td>• skill/Knowledge used infrequently</td>
</tr>
<tr>
<td></td>
<td>• lack of feedback in how to use the skill effectively</td>
</tr>
<tr>
<td></td>
<td>• person does not want to use skill because it is dangerous/boring</td>
</tr>
</tbody>
</table>

Note: Employees must have an opportunity to respond

It is imperative that during each stage of the investigation, counseling and disciplinary procedure, employees are informed of the specific allegations or complaints against them. Employees should also be given an adequate opportunity to defend themselves in the form of response to questions and by providing relevant information regarding any complaints PRIOR to any action being taken. For the employer this is extremely important in demonstrating that a fair process has been followed.

14. Determine most appropriate course of action

☐ Level of action should be seen as appropriate with regard to all circumstances

☐ Use your common sense
5.5 Recommendations

1. Setting expectations, performance measures and providing feedback should take place at least every quarter (or more frequently if required).

2. The supervisor or employee should be able to initiate feedback/discussions or at any time either feels the need for a discussion.

3. Performance management systems should be developed jointly between managers/supervisors and employees that report to them (increases credibility of the system).

4. During the discussions managers and employees should develop an understanding of the performance criteria and interpret them against the strategic value of the stated objectives (provides rationale and meaning for the individual).

5. The appraiser and appraisee’s role should be similar vis-à-vis to understand the performance criteria and how the employee’s role fits with those criteria (promotes participative management).

6. Organisations should move away from traditional top-down feedback approach and pursue upward and 360-degree feedback approach. These newer approach, which rely on multiple sources and modern technology, are preferred for the following reasons: Traditional approaches (performance appraisal) have created widespread dissatisfaction and were often used to punish, embarrass, or put down employees; Team-based organisational structures require an approach that draws on multiple respondents for meaningful feedback (such as measurement of inter-
personal skills); Feedback approaches that utilise multi-raters are deemed to be more valid than single source raters.

7. Advanced technology supports the use of multi-rater systems; and Bottom-up (subordinate ratings) feedback enhances participative management and employee empowerment (both regarded as essential organisational strategies for employee engagement).

8. Since in service industry the customer is the central point for all business activities, it becomes crucial to incorporate the customer driven values in all the performance standards of employees.

9. Measurable performance feedback should become a continuous process rather than a one-time activity. Employees need to be recognized for every small achievement till the completion of tasks and annual appraisals. These will increase the level of employee engagement not only cognitively but also physically and emotionally.

10. Performance linked pay should be given more importance to rather than seniority linked pay especially in financial services.

11. During the evaluation, it is possible for a chain of weaknesses to appear. This is natural, because all evaluation methods that have been developed reveal disadvantages, but also advantages.

For every evaluation system, in order to be successful, it is essential to receive all the organisations’ human resource approval and trust, which they will apply and
which has to be embodied in a wider management system that will operate efficiently, and usually for this reason, more than two evaluation methods should be used.

12. Organizations need to select employees who have a willingness to learn and can adapt their behaviors to a changing work environment. This willingness to grow and learn promotes innovation and creativity in the workforce.

13. Leaders need to work with employees to understand strengths and development needs, and provide opportunities to leverage or build skills and knowledge.

14. Most employees want to use their best skills and will feel engaged when organizations recognize and capitalize on their unique strengths, rather than placing emphasis on fixing weaknesses.

15. Organizations also need to provide meaningful development plans and opportunities that include programs such as training, succession management, special projects and assignments, and mentoring. The key to a successful development program is to ensure that all employees have a plan for development and clear accountabilities for making progress on their plans.
5.6 Scope and Limitations of the Study

Performance management system is one of the most critical tools to enhance employee productivity. This study has made an attempt to research performance management systems used by the organizations studied and its relevance in enhancing employee engagement. Researcher has used mainly service industry since employees in this industry are expected to be always service oriented and customer focused. The employees in this industry undergo high stress targets and they are challenged continuously to perform in a high stress environment. This research is conducted for organizations from the Financial services, IT sector and Hospitality sector from Mumbai and Pune area.

Generalizability of the results is dependent on the possible limitations set by how the study was conducted, which are considered next.

The quantitative data was collected at a single point of time (on a questionnaire survey). Using single time period (2012-2013) poses a threat that results are influenced by the specific macro-economic conditions of that time. Another limitation is that the study results are only based on companies surveyed from service industry (IT, Financial Services and Hospitality) only.

Current study was conducted only with a sample from Service Industry (IT, Financial Services and Hospitality) in Mumbai and Pune. The results of the study should be confirmed by repeating a similar study in other cities of India. This should provide important comparable information from other cities as well as possibly pointing to some differences in the level of employee engagement and its relationship with performance.
management. Future researchers can conduct the same study taking a different industry into consideration.

5.7 Conclusions

The present research is an attempt to find the relationship between performance management system and employee engagement. The results of the survey conducted with 600 employees from three industries studied, revealed that employees relate the efficiency of performance management system towards building employee engagement at workplace. Employees surveyed have emphasised the need to have efficient performance management systems, since it impacts their physical, cognitive and psychological involvement at workplace.

The results further highlight that, organisations implementing PMS must take a holistic approach remembering that PMS involves far more than performing an annual appraisal and expecting performance to improve as a result. The research study has given emphasis on implementation of PMS as a critical tool for the organisation in building engaged workforce.

The study on review of related literature indicates that employee engagement is closely linked with organizational performance outcomes. Companies with engaged employees have higher employee retention as a result of reduced turn over and reduced intention to leave the company, productivity, profitability, growth and customer satisfaction. On the other hand, companies with disengaged employees suffer from waste of effort and bleed talent, earn less commitment from the employees, face increased absenteeism and have
less customer orientation, less productivity, and reduced operating margins and net profit margins.

For the purpose of this study, the researcher has identified three elements of employee engagement as described in the UWES namely, Vigor, Dedication and Absorption. The correlation of these elements are found with the four elements of Performance Management System namely, Goal Setting, Performance Feedback, Mentoring and Development Opportunities.

The results of the experience survey conducted with the HR heads of organisations studied reveal that many of the reasons organisations report disappointing results from their PMS can be attributed to either implementation or execution, resulting in line managers and employees not taking ownership of the process and treating the PMS as a compliance activity rather than an opportunity to improve performance. When these issues are addressed, and the organisation commits resources to the process, the organisation can expect benefit in the form of increased employee productivity and efficiency.

Performance Feedback is emerged as an important theme from the research which elaborates that the primary purpose of PMS is to facilitate discussion between the employee and their manager. The organisation benefits by the day-today activities of employees aligned with and promoting the organisational goals. The employee will benefit by having continual feedback regarding performance and opportunities to improve. A critical aspect of the goals is that they must not only emphasise the achieving
of goals, but must place equal emphasise upon how the goal was achieved, the corporate responsibility aspect.

According to the researcher, organisations must notview its PMS as a cost, but as an investment in the organisations future. Organisations can realise substantial benefits when they commit to making the necessary investment.

For managers, work of employee engagement starts at day one through effective recruitment and orientation program, the work of employee engagement begins from the top as it is unthinkable to have engaged people in the organizations where there is no engaged leadership. Managers should enhance two-way communication, ensure that employees have all the resources they need to do their job, give appropriate training to increase their knowledge and skill, establish reward mechanisms in which good job is rewarded through various financial and non-financial incentives, build a distinctive corporate culture that encourages hard work and keeps success stories alive, develop a strong performance management system which holds managers and employees accountable for the behaviour they bring to the workplace, focus on top-performing employees to reduce their turnover and maintain or increase business performance.

In conclusion this study has made an attempt to put forth the relevance of building performance based culture by effective implementation of PMS tool which will eventually result in employees experiencing high level of Vigor, Dedication and Absorption at workplace. The study is a foundation in this direction and in future can be expanded to other industries.