CHAPTER 1

INTRODUCTION
The study opens with lots of hope, aspiration and positive outcomes from the present study of Performance Management System. It goes with the optimism that such a study on Faculty Performance Management System, would lead to a paradigm shift in the present practice of Performance Management System in institutions and develop new approach for greater benefit of organization, especially the academic and education area, *per se*. It gives a new hope, light and aspiration for all the academicians that, Performance Management System would bring about a positive revolution in the management and development of human resources, *i.e.* the teaching community. The current research work is undertaken based on the following assumptions and beliefs:

- Performance Management System is a positive tool for human resources development / human resources management
- Performance Management System metrics are the measurement instruments to be used at institutions for evaluation of faculties
- Performance Management System ensures high reliability and validity of assessments at institutions
- Build Performance Dashboards and Performance Tracking Systems as fantastic tools to eliminate subjective employee performance reviews in institutions
- Performance Management System creates performance driven culture and integrates performance outcomes with compensation systems
- Performance management system can integrate with competency mapping for developing better learning culture among faculty members.

In today’s context technology is easily available, products are not difficult to release to market, but people are key differentiators (Performance Management by Herman Aguines)\(^1\). Performance Management is essential irrespective of for-profit or not-for-profit organizations. Four important factors lead to the beginning of present research on Faculty Performance Management System and they are:
a. **Best talent from the professional courses does not give priority to careers in education sector.** Let us take an example of graduating MBA batch in a given private management education institution and ask how many of them are intend to take up teaching job either in the institution where they are studying or similar institutions. We have found very few passing out students showing interest or in most case no response at all. This case will explain best talent is not being attracted to private management educational institutions.

b. **Attrition is high in professional education sector due to not so attractive salaries and absence of performance management systems.** Though many private business management educational institutions do not provide statistics on how many faculties have resigned from the institution in a given year, informal discussions with Directors* of these institutions reveal that talented youngsters perceive career in management education is non-attractive and non-performance oriented. Two out of three who may leave a particular private business management education institution choose to join corporate or corporate training company.

c. The supply-demand gap: India has a low rate of enrolment in higher education, at only 18%, compared with 26% in China and 36% in Brazil. There is enormous unmet demand for higher education. By 2020, the Indian government aims to achieve 30% gross enrolment, which will mean providing 40 million university places, an increase of 14 million in six years**.

d. The low quality of teaching and learning: The system is beset by issues of quality in many of its institutions: a chronic shortage of faculty, poor quality teaching, outdated and rigid curricula and pedagogy, lack of accountability and quality assurance and separation of research and teaching.

Besides above motivating factors, Ministry of Higher Education, Government of India has planned to increase GER to 30% in the 12th Five Year Plan (2012-17) which poses a challenge of quality manpower requirement in higher education sector.

*Discussions with private management educational institutions heads who are part of the survey
**2014, British Council, Understanding India – Future of higher education and opportunities for international cooperation
Availability of good quality faculty is a critical input in the functioning of a sound higher education system. While there has been a consistent growth in the faculty strength in higher education, it has not matched the growth in student enrolment numbers. While the student enrolments have gone up by more than 100 times between 1950-51 and 2011-12, the number of teachers has gone up by about 40 times, which implies the student-teacher ratios have declined by about 2.5 times over this period. This has also led to the country’s poor performance on student-teacher ratio***.

Employee Performance Management is a process for establishing a shared workforce understanding, about what is to be achieved at an organisation level. It is about aligning the organisational objectives with the employees’ agreed measures, skills, competency requirements, development plans and the delivery of results. The emphasis is on improvement, learning and development in order to achieve the overall business strategy and to create a high performance workforce.

Performance management includes processes that effectively communicate organisation’s aligned goals, evaluate employee performance and reward them fairly. Clear goal planning, skill development and a true pay-for-performance culture are talent management practices that successful organisations use to demonstrate their employees are valued. Effective performance metrics has been proven to increase employee morale and overall productivity. Engaged, productive employees are essential to any company out performing its competition.

Rising costs, increased competition and time necessary to hire and train new talent have made retention of top performers imperative to the bottom line. Recognizing gaps and developing skills enables managers to properly map out succession plans while employees develop attainable career paths.

Performance Management is a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning their performance with the strategic goals of the organization. Unfortunately, this is not the case with many private educational institutions in India. The following case presents the situation in most institutions.

Dr. John is the Director/Dean of fairly well doing Business Management School. The academic year will end in one week. He is overwhelmed with end-of-the year tasks including

*** Deloitte’s Annual Status of Higher Education of States and UTs in India (2013)
reviewing the budget he is likely to get for next year, responding to phone calls of stake
holders, and supervising a group of 20 faculty members. It’s a very hectic time, probably the
most hectic time of the year. He receives a phone call from the HR Department of the
educational group: ‘Dr. John, we have not received your performance reviews for your 20
faculties, they are due by the end of the academic year.’ Dr. John thinks ‘Oh, those
performance reviews... What a waste of my time!’ From Dr. John’s point of view, there is no
value in filling out those meaningless forms. He does not see his faculties in action because
they are busy covering syllabus most of the time. All he knows about their performance is
based on student pass percentage figures, which depend more on University question paper
difficulty levels and students efforts than the effort and motivation of each faculty. And
nothing happens in terms of rewards regardless of his ratings. These are lean times in his
organisation, and salary adjustments are based on seniority rather than merit. He has less than
3 days to turn in his performance data forms. What is he going to do? He decides to go down
the path of least resistance: to please his faculties, he gives everyone the maximum possible
rating. In this way, he believes they will be happy with their ratings, and Dr. John will not
have to deal with complaints or follow-up meetings. Dr. John fills out the forms in less than
20 minutes and gets back to his ‘real job’.

There is something very wrong with this picture, which, unfortunately, is a frequent situation
in many organisations. Although Dr. John’s HR department calls this process as
‘performance management’, in reality it is not.

Some of the salient features of existing Performance Management System/Performance
Appraisals are:

- Present system is only Performance Appraisals and does not go beyond appraisals;
- It is a passive system, does not involve faculties in the performance management
  system;
- Training needs of different faculties are not mapped and communicated to head or
  faculties;
- Performance goals, parameters and expectations are never planned and communicated
to faculties;
- Existing systems are influenced by high degree of subjectivity and skewed ratings;
- Absence of linkage between performance and rewards.
PERFORMANCE MANAGEMENT DEFINED

Performance management is a continuous process of identifying, measuring and developing performance in organisations by linking each individual’s performance and objectives to the organisation’s overall mission and goals.

Pat Wright (1999) says Performance Management is about aligning behavior in a way that increases organizational effectiveness. Dave Ulrich (2009) thinks Performance Management needs to be looked from three levels: Cultural, Systems and Personal. At cultural level, it is about whether the organization judge people based on results. At systems level, it is about determining whether people meet or miss objectives. At personal level, it’s about assessing the individual’s dedication to delivery both financial and social results.

The general definition of Performance Management system is using systematic methods to measure and improve the effectiveness of people in a workplace. In the present study, faculty performance management system is defined as a framework for faculties which is designed based on goals of the private business management institutions. The framework or model is flexible enough to modify the key performance indicators based on the goals of a particular business management educational institution.

Operational Definition of Faculty Performance Management System in Educational Institutions: A systematic evaluation of faculty members, capturing their contribution to the department/subject specialization, development and using output of individual faculty’s outcomes to their development in a given academic year.

Ideal Performance Management Systems are rare in practice however, such systems have following characteristics:

- **Clear link** among individual faculty members, department/specialization subject and private management educational institution;

- Includes all relevant performance dimensions of a business management educational institution;

- The system should be **practical** one which do not require excessive time and resources;
• Should be able to differentiate best performers and rest in the same role, e.g., Assistant Professor's role - if there are 10 faculties, the system should help identify best performers and rest in the same category;

• It should be reliable and associates as well as stakeholders in the institution should have the confidence on the faculty performance management system;

• System must be flexible and correctable, in case of any anomalies crop during the process of implementation;

• Ethical aspects are to be considered during the process of performance management process, i.e., ethical standards are to be considered while evaluating faculties even though the performance management system lay down metrics or parameters and weightages;

• Faculties who are part of the faculty performance management system should feel the system is fair to all individuals in the department/specialization subject.

Many tradeoffs occur during practical implementation of faculty performance management system in private business management institutions. However, the closer the system to the above ideal characteristics of faculty performance management system, the greater the effectiveness of such system in these organizations. Faculty Performance Management System is a key mechanism to be used in determining whether private business management educational institutions can manage its faculty members effectively. Faculty Performance Management System provides data on, who all should be trained and in what areas, who are all to be rewarded and skills enhancement required for each of the faculty. Hence, Faculty Performance Management System also helps guide private business management educational institutions as to what kind of talent is to be recruited during hiring, per se.

Performance management originated as a broad term coined by Dr. Aubrey Daniels (1970) in the late 1970s to describe a technology (i.e., science imbedded in applications methods) for managing both behavior and results, two critical elements of what is known as performance. A formal definition of performance management, according to Daniels' is "a scientifically
based, data-oriented management system. It consists of three primary elements - measurement, feedback and positive reinforcement”.

**What is Performance?** According to *Campbell* (1993) - Outcomes achieved or accomplished at work by individuals or team at an organization or institution. Performance is what is expected to be delivered by an individual or a set of individuals within a time frame. It has many aspects like output, time, focus, value added aspect, cost, etc.

**What is Managing Performance?** Heads/Supervisors can get extraordinary performance from ordinary associates. *Rolling Glaser* (2000) says, ‘by effectively and systematically managing performances of associates’. Extraordinary performance has to be planned, monitored and reinforced. Heads/Supervisors must constantly design with each subordinate. This is hard, time consuming, requires rigorous analysis, involvement, follow up and motivation.

**What is process of Performance Management?** The process of performance management can be broadly explained as - Planning associates performances, monitoring associates performances and mentoring associates development. Performance Management is carried out by each head/supervisor in their role as a leader with the help and support of the human resource specialist.

**What is organisational/institutional performance management?** *Hale and Whitem* (2000) in his study, ‘Performance Management in the UK – an analysis of the issues’ says, Performance Management organizations/institutions were likely to express performance targets in terms of measurable outputs, accountability and learning targets.

ANZ Gridlay’s Bank’s principal aim of Performance Management Program was to help each one of the managers achieve their own targets/goals while at the same time meeting Bank’s immediate business objectives and strategic goals.

**What is Performance Management System?** Performance Management System is a set of sequential dynamic subsystems. Like any other system, it has relatively autonomous yet interdependent and inter-related parts, which ensures effective and smooth functioning of the total systems. Malfunctioning of any sub systems can and often does sub optimize the whole system. Performance Management System is a planned and systematic effort and it aims at
improving institutional effectiveness. Performance Management System aims at optimizing institutional outcomes and impacts towards institutional excellence keeping its goals and strategy. Some factors that define institutional excellence are:

- Associates’ willingness and competent contribution to institution;
- High level of job satisfaction experienced by associates;
- Effective institutional process for decision making and managing interpersonal, intrapersonal and inter-departmental issues;
- High productivity leads to high performance of the institution.

*Who drives Institutional/Organisational Performance Management?* In today’s complex and diverse context, associates, who are largely knowledge workers, are the key drivers of Institutional/Organisational Performance Management. Given demands, expectations and sensitivities of increasing stakeholders, even small errors and omissions can make all the difference between stake holder’s perception of an organization achieving its goals or failing to do so. The drivers for Performance Management System are the stake holders, such as senior management of institutions, policy makers, the employees and the like. It is the system and practices that the management adopts, the principles and philosophy through which the system is taken forward and the governance adopted reflects the success factor for performance to work. Equally the policy makers and the employees should take the system in the right spirit and follow the broader objective of the system implementation, *per se*. It is only in the interest of further enhancing, the effectiveness of everyone in the organization that the performance management system is practiced. Accordingly, every stake holder should equally contribute for the smooth implementation and practice. The performance reviews can be conducted quarterly, half-yearly or on annual basis.
The Indian higher education system has emerged as one of the largest in the world, with 14.6 million students enrolled in more than 31,000 institutions. The number of institutions has grown at a CAGR of 11%, while student enrollment has grown at a CAGR of 6% and the Gross Enrollment Ratio (GER) currently stands at about 13.8% compared to 60% in the US and Canada, and 21% (average) in the BRIC countries. Out of 1.21 billion population in India, around 234 million fall in the age group of 15-24 years, which is expected to increase by 13% over 2005-2020, as compared to the world average of 4%. India’s education and training sector is estimated to be about US$ 40 billion market, with a potential 16% five-year CAGR. The market size for higher education is projected to treble in next 10 years to $115 billion. As per an estimate in FICCI-Ernst & Young report 2010, the higher education spend is going to increase to INR 155,015 crores and requires an investment of INR 360,640 crores ($ 76 billion) by 2020 to create the additional capacity. The amount accounts for around 1.9% of the current GDP based on Purchasing Power Parity. The importance of education, especially the higher education, would merit serious discussion and dialogue, when it comes to recruitment and selection of faculty, who form the crucial process for effective quality education, *per se*.

### TABLE 1: GROWTH OF HIGHER EDUCATION IN INDIA

<table>
<thead>
<tr>
<th>Growth of Higher Education System</th>
<th>No. of higher education institutions</th>
<th>2002</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universities</td>
<td>201</td>
<td>378</td>
<td></td>
</tr>
<tr>
<td>Colleges</td>
<td>12342</td>
<td>18064</td>
<td></td>
</tr>
</tbody>
</table>

Source: Eleventh Five Year Plan (2007-11), Government of India

Prakash (2007) draws attention to the direct correlation between “gross enrolment rate” (GER) in higher education and the per capita GDP of a nation. He cites comparative GER figures to drive home the point about the long way ahead for India: “Considering the demand for higher education, the GER in India relative to many of the developed countries is quite low (around 12 per cent) compared to the average of the developing countries (13 per cent), the world (26.7 per cent) and the developed nations (57.7 per cent)”.

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He further goes on to assert that, “if we are to stay true to our commitment to the avowed goal of making our economy in the 21st century a knowledge economy, we ought to address the growing demand for skilled manpower by aiming to increase the GER to the tune of 20%”. The author outlines that the Government has not been consistent in according importance to the cause of boosting GER in higher education. “It is important to underline the fact that from the Second to the Sixth Five - Year Plan period, higher education grew reasonably well with increasing attention coupled with rising allocations of public resources. But from the Seventh Five - Year Plan onwards, higher education did not receive the attention it deserved”.

Source: Symbiosis International University’s report of Higher Education in India, 2013
GRAPH 2 GROSS ENROLMENT RATIO IN HIGHER EDUCATION ACROSS SELECTED COUNTRIES

Source: UNESCO Institute for Statistics Database (2011)

Current Status of Higher Education Sector in India

A sound higher education sector plays an important role in economic growth and development of a nation. Higher education, in terms of its relevance and importance, enjoys a significant position in the education system as it equips people with appropriate knowledge and skills to be gainfully employed. India has one of the largest systems of higher education in the world offering facility of education and training in almost all aspects of human creativity and intellectual endeavour. In the context of current demographic structure of India where the majority of population is below the age of 25 years, the role of higher education is critical.

Availability of good quality faculty is a critical input in the functioning of a sound higher education system. While there has been a consistent growth in the faculty strength in higher education, it has not matched the growth in student enrolment numbers. While the student enrolments have gone up by more than 100 times between 1950-51 and 2011-12, the number of teachers has gone up by less than 40 times, which implies the student-teacher ratios have declined by about 2.5 times over this period. This has also led to the country’s poor performance on student-teacher ratio.
<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ Few globally renowned educational institutions</td>
<td>* Unsaturated demand for quality global education</td>
</tr>
<tr>
<td>+ Huge demand – estimated 150 million population in 18-23 age group</td>
<td>* Low GER of 15% in Higher education as compared to 84% in USA</td>
</tr>
<tr>
<td>+ Growing middle class with increasing incomes</td>
<td>* Sharp decline in dependency ratio predicted in the next 30 years</td>
</tr>
<tr>
<td>+ Growing economy with numerous employment opportunities</td>
<td>* India is expected to emerge as a Global hub in education in Asia Pacific region</td>
</tr>
<tr>
<td>+ Huge demand for Indian students in overseas markets</td>
<td>* Low focus on R&amp;D</td>
</tr>
<tr>
<td>+ Government policies to open up education for Private Universities</td>
<td>* Private sector’s positive response to promote higher education in India</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Lack of infrastructure</td>
<td>✤ High time lags in introduction of reforms due to various reasons</td>
</tr>
<tr>
<td>- Shortage of trained faculty to meet the increased demand</td>
<td>✤ Deterioration in quality of education specially in private sector due to lack of availability of trained faculty</td>
</tr>
<tr>
<td>- Highly complex and unclear regulatory framework at Central and State level</td>
<td>✤ Over regulation – Control over course curriculum, entrance tests, fees, etc</td>
</tr>
<tr>
<td>- Regional imbalances</td>
<td>✤ Competition from Universities from developed countries in terms of high research standards</td>
</tr>
<tr>
<td>- “Not for profit” tag in formal education</td>
<td></td>
</tr>
<tr>
<td>- Structured Faculty Development and Talent management programs in higher education</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Deloitte Analysis, Consolidated Working Group report (2012)*
Despite the huge potential in the higher education sector, not everyone has been able to achieve success. The challenges/threats, which the private sector players face in India, are significant, and therefore, approaching the market with a well thought-out strategy is advisable for Indian Higher Education Sector.

**Review of Literature on Performance Management System**

Literature survey was done using different sources like Harvard Business Review Series, Research Papers and Articles in Journals, etc. An effort was made to review articles published in Journals in last 5 years (2008-2013) and 5 different books on Performance Management by reputed authors. Rao T V (2002), book on Performance Management and Appraisal Systems elaborately discusses about performance management and performance appraisals with special references to Indian companies. Business & Management Dictionary, A & C black Publishers Ltd. (2007), Bloomsbury Business Library also discusses extensively on performance management from an international perspective. ‘Performance Management’ by Aguinis, Herman (2009) has elaborately discussed on various facets of effective performance management systems. Aguinis, Herman is believed to have done pioneering work in performance management in the last decade. The present research has been benefited from the references from Aguinis, Herman’s (2012) third edition book titled ‘Performance Management’.

International Journal of Productivity and Performance publications are referred extensively, though this Journal has stopped publications since past few years. Details of references completed till date are:

**TABLE 3: REFERENCES SUMMARY**

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>N0. of references</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Management related books</td>
<td>12</td>
</tr>
<tr>
<td>National/International Journals</td>
<td>35+</td>
</tr>
<tr>
<td>Case Studies</td>
<td>08</td>
</tr>
<tr>
<td>Government documents</td>
<td>UGC Guidelines for Promotions, 2010</td>
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</tbody>
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**History of Performance Management**

Performance merit ratings and appraisals dates back when Scott W.D, an American pioneer who introduced rating of the activities of workers prior to World War I. Prior to him, performance review existed in one form or the other. The following histography is an evidence of the emergence of the system:

**TABLE 4: HISTOGRAPHY OF PERFORMANCE MANAGEMENT**

<table>
<thead>
<tr>
<th>Period and place</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>206 BC-220 AD, China</td>
<td>Merit based examinations were given for selection and promotions in Han Dynasty</td>
</tr>
<tr>
<td>3rd Century AD, China</td>
<td>‘Imperial Raters’ used to rate the performance of official family members by the Wei Dynasty</td>
</tr>
<tr>
<td>1813, USA</td>
<td>An Army General submitted an evaluation of each of his men to the US War Department</td>
</tr>
<tr>
<td>Early 20th Century, USA</td>
<td>Taylor’s time and motion study and modern reviews</td>
</tr>
<tr>
<td>1945, USA</td>
<td>USA developed ways of assessing how well workers’ and managers did their jobs</td>
</tr>
<tr>
<td>1950’s USA</td>
<td>Performance Management was used as a tool for the purpose of motivation and development</td>
</tr>
<tr>
<td>1960’s, USA, Europe</td>
<td>Began to be used as a means of management development and performance evaluation. Performance review interviews, employee counseling, feedback activities emerged</td>
</tr>
<tr>
<td>1970’s, USA, Europe</td>
<td>Review of employees emerged. Great increase of litigations about merit evaluation, pay, promotion et al. Documentation of review practice started</td>
</tr>
<tr>
<td>1980’s – Management by business objectives</td>
<td>Emergence of Management by business objectives by Peter Ducker started</td>
</tr>
<tr>
<td>1990 onwards</td>
<td>From Performance Appraisal to Performance Management to Performance Management System practice started. Emergence of 360 Degree evaluation in organizations</td>
</tr>
</tbody>
</table>
Organisations used Performance Management to drive behaviours from the employees to get specific outcomes. In practice, this worked well for certain employees who were solely driven by financial rewards. However, where employees were driven by learning and development of their skills, it failed miserably. The gap between justification of pay and the development of skills and knowledge became a huge problem in the use of Performance Management. This became evident in the late 1980s; the realisation that a more comprehensive approach to manage and reward performance was needed. This approach of managing performance was developed in the United Kingdom and the United States much earlier than it was developed in Australia⁷.

In recent decades, however, the process of managing people has become more formalised and specialised. Many of the old performance appraisal methods have been absorbed into the concept of Performance Management, which aims to be a more extensive and comprehensive process of management. Some of the developments that have shaped Performance Management in recent years are the differentiation of employees or talent management, management by objectives and constant monitoring and review. Its development was accelerated by the following factors:

a. The introduction of human resource management as a strategic driver and integrated approach to the management and development of employees; and

b. The understanding that the process of Performance Management is something that's completed by line managers throughout the year - it is not a once off annual event coordinated by the personnel department.

⁷ Source: People Streme Human Capital Management, available on www.peoplestreme.com
Differences between Annual Appraisals and Performance Management Systems

Most organisations have some type of employee appraisal system, and many are experiencing the shortcomings of manual staff evaluation systems. When discussing workforce performance, the most commonly asked question is, "How does Performance Management differ from performance appraisals or staff reviews"? Performance Management is used to ensure that employees' activities and outcomes are congruent with the organisation's objectives and entails specifying those activities and outcomes that will result in the firm successfully implementing the strategy (Noël et al., 2000, p.55)\textsuperscript{M}.

An effective Performance Management process establishes the groundwork for excellence by:

- Linking individual employee objectives with the organisation's mission and strategic plans. The employee has a clear concept on how they contribute to the achievement of the overall business objective;
- Focusing on setting clear performance objectives and expectations through the use of results, actions and behaviours;
- Defining clear development plans as part of the process;
- Conducting regular discussions throughout the performance cycle which include such practices as coaching, mentoring, feedback and assessment.

Performance appraisal properly describes a process of judging past performance and not measuring that performance against clear and agreed objectives. Performance Management shifts the focus away from just an annual event to an on-going process.

Performance Management is the process of defining clear objectives and targets for individuals and teams, and the regular review of actual achievement and eventual rewarding for target achievement. The process should ensure that individual and team effort support the organisational objectives and that key stakeholder expectations are realised by focusing on key value drivers.

\textsuperscript{M} People Streme Human Capital Management, available on www.peolestreme.com
The following factors will help in implementing Performance Management effectively:

**Relevance to Organisational Goals and Objectives:** Performance Management system should link organizational strategy to individual goals and targets. The system should define job goals clearly and communicate with each of its associates. The Manager shall provide up-to-date job profiles to his/her subordinates to get more clarity on associates duties and responsibilities.

**Reliability of data for Performance Management System:** Data which is collected, method of data collection and timely collection of such data plays a key role. Associates will trust the results if the data collection methods are reliable, accurate and impartial.

**Performance discriminability of individuals:** Performance Management System will be successful if it can differentiate performers based on their performance levels and not on any
other criteria. The system should be able to distinguish who are good performers, average performers and a poor performer for it to be successful.

**Freedom from external contamination:** External factors should not influence measurement of performance of associates in a given organization. For *e.g.*, Devaluation of currency in a given period which has effect on the revenue generated by Sales team. Performance Management System should be able to absorb these external factors and shall not allow it to dilute the objectives of such a system.

**Performance Management System shall be a Practical one:** Performance Management System shall be easy to use and implement at an organizational level. The system is to be easily understandable to all associates of the organization. It should be manageable to administer by executives who are responsible for running the system through the year.

**Acceptability by most of associates in Organisations:** Associates working in organizations are to believe that the performance management is a useful and beneficial system. If all the associates perceive the performance management system is beneficial and useful, automatically they accept the system and the same will be institutionalized without challenges of implementation.

**Performance Management System should comply legal obligations to their statutory bodies:** Organisations are required to ensure they follow statutory obligations necessary for running the organization. For *e.g.*, Minimum Labour Department norms for increments, periodicity of evaluation *etc.* In India, AICTE/UGE stipulated increments ought to be given every year and one increment is a necessity.


The National Policy on Education, 1986, envisages the development of a performance appraisal system for teachers which is open participatory and data-based. The Mehrotra Committee Report (1983) on revision of pay scales of teachers in Universities and Colleges has emphasized the need for developing a satisfactory system of evaluation of teachers which will help their career development by securing feedback for self improvement. Keeping the
above recommendations in view, the UGC appointed a Task Force to prepare guidelines for introducing a system of performance appraisal of teachers in Universities and colleges.

The Task Force is of the view that the record of evaluation made by the teachers and verified by the Institutions will be an open document which should be the basis for recognition of excellence in performance, as well as for further improving the overall efficiency of the system.

**BENEFITS OF FACULTY PERFORMANCE MANAGEMENT SYSTEM**

Performance Management to be effective, following criteria are essential: Legally appropriate, reliable, valid, balanced, aligned to vision, strategically positioned, proper communication at all levels, etc.

**CHART 2 BENEFITS OF PMS**
Heads/Supervisors gain insight about their subordinates: Gaining insights into a person’s performance and personality will help the head/supervisor build better relationship with that person. Also the manager gain better understanding of each individual’s contribution to the organization. This will be useful for both manager and the employee. The importance of knowing employees is highlighted by the Management Standards Centre in United Kingdom for setting standards for the management and leadership areas.

Self-insight and development are enhanced: The associates who are part of Performance Management System are likely to develop a better understanding of themselves and of the kind of development activities that are of value to them and they progress through the organization. The Associates also gain better understanding of their particular strengths and weaknesses that can help them better define future career paths.

Decisions/actions are more fair and appropriate: Performance Management Systems provide valid information about performance that can be used for decisions such as promotions, salary increments, transfers as well as terminations. In general, Performance Management System helps ensure rewards are distributed on a fair and credible basis.

Organisational goals are made clear: The goals of the organization and the units are made clear and the associates understand the link between their work and organizational successes. This is a contribution to the communication of what the unit and the organization are all about and how organizational goals cascade down to the unit and the individual associates. Performance Management System can help improve associates acceptance of these wider goals.

Associates become more competent: Performance Management System’s obvious contribution is that the associates’ performance is improved. In addition, there will be a strong foundation for helping associates become more successful by establishing developmental plans.

There is better and more timely differentiation between good and poor performers: Performance Management System allow for a quicker identification of good and poor performers. Also, the system compels managers to address performance related problems within the time lines.
Manager/Supervisor’s views of performance are communicated more clearly:
Performance Management System allows managers to communicate to their subordinates their judgments regarding performance. Thus, there is a greater accountability on how managers discuss performance expectations and provide feedback. Both assessing and monitoring the performance of others are referred as Key competencies. When managers possess these competencies, subordinates receive useful information about how their performance is seen by their manager.

Organisational change is facilitated: Performance Management System can be a useful tool to drive organizational change. For e.g., assume an organization decides to change its culture to give top priority to product quality and customer service. Once the new organizational direction is established, performance management is used to align the organizational culture with the goals and objectives of the organization to make change possible. Associates are provided training and necessary skills are also rewarded for improved performance so that they have both knowledge and motivation to improve product quality and customer service.

Motivation to perform is increased: When associates are satisfied with their organisation’s performance management system, they are more likely to be motivated to perform well, more committed to their organization and do not leave their organisations.

Communication improves: The associates and manager communicates more frequently and agrees on changed objectives to suit continuing changes in conditions and priorities. This is an inclusive and collaborative process, which ensures that the employee has input and does not feel they have wasted the year. The associate works towards specific objectives that are relevant. If the organisation is using a Performance Management product that has a performance diary, both the manager and employee attend the review meeting with copies of their performance diary notes.

Everyone knows the rules: Where there is a well structured Performance Management system that is effectively communicated, both the associates and manager enter the process with better levels of confidence as there are "rules" that clearly stipulate what is being assessed and how. Employees are assessed on achievement of objectives that have been clearly identified and agreed to. Managers have a better framework to assess an employees' performance as they are familiar with the criteria to assess the employee. The outcome is that
both individuals have an informed discussion and focus on achievement of both personal and business objectives, not on issues that are irrelevant.

**Frequent communication reduces stress:** Given that these performance reviews happen more frequently, the discussion centers on performance of objectives rather than being dominated by the employees' needs. The needs of the business are discussed more frequently to achieve specific performance outcomes. This means both the employee and manager communicate more effectively and achieve better outcomes. Emotionally charged discussions tend to be displaced by business focused discussions on achievement of objective outcomes.

**Appraisals become relevant for everyone:** By conducting more frequent reviews, objectives can be adjusted and modified to suit changing business conditions. This dramatically increases the probability that the objectives are relevant and are able to be acted upon during the performance period. By performing frequent performance reviews, visibility is increased dramatically. Areas of non performance receive much more focus and attention and problems can be acted upon much quicker. Most Performance Management systems provide reporting as to who has or has not achieved their objectives (departments and individuals). Adjustments to objectives or strategy can then be made to ensure that expectations can be met. Alternately, expectations can be modified as appropriate. By reviewing more frequently, all managers and employees start to plan and execute to clearly thought out objectives. This results in better resource management and enables managers to work on the business, not in the business.

**Associates learning and development:** Given that most Performance Management Systems require managers and employees to commit to a development plan, employees experience real personal development and become more engaged with the organisation. They feel part of the organisation and start to understand that they and the organisation are interdependent. The organisation is developing the employee and the employee is working towards developing the organisation by achieving its goals. The majority of Performance Management systems are able to provide graphical compliance reports. Therefore, the setting of objectives and development plans for employees can no longer be ignored. Employees see real planning, are involved in setting meaningful objectives and have input into personal development plans which benefit both themselves and the organisation. In all, this results in an engaged workforce who are extremely committed to achieving real outcomes for the organisation.
On a micro level, the benefits of performance management system are many, it also gives a self introspection for the management to review its internal policies, procedure and strategy of human resource development and management per se. Organisations can also be benefited by looking at its compensation, benefits, coaching, mentoring, etc. It also helps to understand design and structuring of benefits. In fact, certain pre requisites that are essential for performance management system would be – documentation, practical and simple formats, evaluation techniques, continuous communication, feedback system, etc. Private management educational institutional management bodies need to look at these parameters for better implementation and benefits of performance management system per se. The review of performance could be either peer review, 360 degree reviews, upward reviews, team reviews or it could be self directed reviews.
CASE STUDIES

Few best practices in performance management systems have been discussed and represented in the form of case studies. These are the organisations who have reported their practices of managing the performance of employees and benchmark of such practice is noteworthy. The following table explains briefly about such practices.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Organisation</th>
<th>Case/Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>University Grants Commission (UGC) 2010, India</td>
<td>Career Advancement Scheme (CAS) Promotions of University/College teachers</td>
</tr>
<tr>
<td>2</td>
<td>Motor Neurone Disease Association, USA</td>
<td>Performance Management in Not-For-Profit Organisations</td>
</tr>
<tr>
<td>3</td>
<td>TESCO</td>
<td>Delivering Success: How Tesco is Managing, Measuring and maximising its Performance</td>
</tr>
<tr>
<td>4</td>
<td>A devolved governmental organization, USA</td>
<td>Design of a corporate performance management system in a devolved governmental organization</td>
</tr>
<tr>
<td>5</td>
<td>Narmada Institute of Management Studies, India</td>
<td>The Performance Management System study</td>
</tr>
<tr>
<td>6</td>
<td>Titan Industries Limited, India</td>
<td>Performance Management System</td>
</tr>
</tbody>
</table>

These studies to understand were referred to understand how PMS was part of development their developmental initiatives, and how further research can be undertaken. The present study has drawn lesson from these cases to develop Faculty Performance Management System.
**CASE STUDY 1:** UNIVERSITY GRANTS COMMISSION’S ACADEMIC (2010) PERFORMANCE INDICATORS (APIs) IN RECRUITMENT AND CAREER ADVANCEMENT SCHEME (CAS) PROMOTIONS OF UNIVERSITY / COLLEGE TEACHERS.

**CATEGORY I: TEACHING, LEARNING AND EVALUATION RELATED ACTIVITIES**

Brief Explanation: Based on the teacher’s self-assessment, API scores are proposed for (a) teaching related activities; (b) domain knowledge; (c) participation in examination and evaluation; (d) contribution to innovative teaching, new courses, etc. The minimum API score required by teachers from this category is 75. The self-assessment score should be based on objectively verifiable criteria wherever possible and will be finalized by the screening/selection committee. Universities will be required to detail the activities and in case institutional specificities require, adjust the weightages, without changing the minimum total API scores required under this category.

**TABLE 6: UGC’s ACADEMIC PERFORMANCE INDICATORS**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>1. Activities related to Teaching, Learning and evaluation</th>
<th>Maximum score in points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lectures, Seminars, Tutorials, Practicals, contact hours undertaken</td>
<td>50</td>
</tr>
<tr>
<td>2</td>
<td>Lectures other than stipulated hours</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>Syllabus enrichment by providing additional resources to students</td>
<td>20</td>
</tr>
<tr>
<td>4</td>
<td>Use of innovative teaching methodologies</td>
<td>20</td>
</tr>
<tr>
<td>5</td>
<td>Examinations duties</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL SCORE POINTS</strong></td>
<td>125</td>
</tr>
<tr>
<td></td>
<td><strong>MINIMUM API SCORE POINTS</strong></td>
<td>75</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>2. Co-curricular, extracurricular, and Personal Development related activities</th>
<th>Maximum score in points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NCC, NSS etc.,</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>Contribution to department through committees</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>Participation in seminars, conferences, short term courses etc.,</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL SCORE POINTS</strong></td>
<td>50</td>
</tr>
<tr>
<td></td>
<td><strong>MINIMUM API SCORE POINTS</strong></td>
<td>15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>3. Research and Academic contributions</th>
<th>Maximum score in points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Indexed Journals</td>
<td>05</td>
</tr>
<tr>
<td>2</td>
<td>Papers with impact factor between 1 and 2</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>Papers with impact factor between 3 and 5</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>Papers with impact factor between 6 and 10</td>
<td>25</td>
</tr>
<tr>
<td>5</td>
<td>Papers presented in seminars and conferences leading to</td>
<td>Same as above</td>
</tr>
</tbody>
</table>
Nature of Activity with Maximum Score Points

1. Lectures, seminars, tutorials, practicals, contact hours undertaken as percentage of lectures allocated: 50
2. Lectures or other teaching duties in excess of the UGC norms: 10
3. Preparation and Imparting of knowledge / instruction as per curriculum; syllabus enrichment by providing additional resources to students: 20
4. Use of participatory and innovative teaching-learning methodologies; updating of subject content, course improvement etc.: 20
5. Examination duties (Invigilation; question paper setting, evaluation/assessment of answer scripts) as per allotment: 25

Total Score: 125
Minimum API Score Required: 75

CATEGORY II: CO-CURRICULAR, EXTENSION AND PROFESSIONAL DEVELOPMENT RELATED ACTIVITIES.

Nature of Activity with Maximum Score Points

1. Student related co-curricular, extension and field based activities (such as extension work through NSS/NCC and other channels, cultural activities, subject related events, advisement and counseling): 20
2. Contribution to Corporate life and management of the department and institution through participation in academic and administrative committees and responsibilities: 15
3. Professional Development activities (such as participation in seminars, conferences, short term training courses, talks, lectures, membership of associations, dissemination and general articles, not covered in Category III below): 15

Minimum API Score Required: 15
CATEGORY-III: RESEARCH AND ACADEMIC CONTRIBUTIONS

Based on the teacher’s self-assessment, API scores are proposed for research and academic contributions. The minimum API score required by teachers from this category is different for different levels of promotion and between university and colleges. The self-assessment score will be based on verifiable criteria and will be finalized by the screening/selection committee.

API score for paper in refereed journal would be augmented as follows: (i) indexed journals – by 5 points; (ii) papers with impact factor between 1 and 2 by 10 points; (iii) papers with impact factor between 2 and 5 by 15 points; (iv) Papers with impact factor between 5 and 10 by 25 Points. If a paper presented in Conference/Seminar is published in the form of Proceedings, the Points would accrue for the publication.
Case Study 2: Performance Management in Not-For-Profit Organisations: Best Practice at the Motor Neurone Disease Association by Bernard Marr, Kirstine Knox and Malcolm Watkins

This case study describes how the Motor Neurone Disease (MND) Association, a significant Third Sector charitable organisation, has created and implemented a best-in-class strategic performance management system to help them define and execute their strategy. The case study outlines how the Association has developed a strategic map, a set of meaningful key performance indicators as well as relevant performance reports and performance reviews that have transformed the way the organisation is managed. Real performance insights, better-informed decision making, and outcome-focused performance reporting have all led to improved organisational performance.

Like most charities and Third Sector organisations today, the MND Association is facing many challenges. The economic downturn is making it harder for organisations to maintain adequate funding levels and increasing expectation from regulators and stakeholders are demanding accountability for demonstrable performance outcomes. What sets the MND Association apart from many other charities is its best-in-class strategic performance management approach that has enabled the organisation to embrace the challenges and improve performance. Today, the MND Association has clarity about strategic priorities and is collecting meaningful performance indicators to monitor performance and guide decision making with one single aim: to improve organisational performance levels. However, this was not always the case.

The Need for Strategic Performance Management: It is critical that the MND Association is focused on achieving outcomes for people with MND. The Association’s Board of Trustees and Chief Executive recognise that delivering outcomes requires everyone to be focussed on achieving sustainable improvements in organisational performance. However, responsibility for delivering performance improvements is a management issue that rests, unequivocally, with the Chief Executive, whilst the Board of Trustees, as a tool of governance, is responsible for oversight of management performance. In order to allow both Chief Executive and Board take on their responsibilities for organisational performance, a sound system was needed for assessing, managing and monitoring performance against the Association’s strategic goals.
and objectives. The Association decided that by designing and implementing a strategic performance management system the organisation would achieve this aim and fulfill the following purposes:

1. Inform decision making – to enable systematic review of performance to inform management decision-making and action across the Association. The intention here is to empower staff and to equip them with the information they need to learn and make management decisions - including challenging strategic assumptions - that lead to organisational improvements.

2. Enhance organisational accountability – to allow the Board of Trustees and external stakeholders to monitor progress against strategic goals and objectives by publishing information on the Association’s performance. This also enables the Association to demonstrate compliance with Charity Commission guidance, issued through its Statement of Recommended Practice 1, which encourages charities to report in depth on their objectives and performance. This is referred to as Impact Reporting 2 and requires charities to report on outcomes achieved on behalf of beneficiaries, rather than inputs and outputs which often cannot be directly linked to the delivery of the charitable purpose.

**Key Performance Questions** The objective was to identify between one and three KPQs for each strategic objective. To a senior management team more familiar with traditional KPIs this was a challenge, which was tackled at the senior management team Away Day. Working as a group released a great deal of energy and the team quickly started coming forward with ideas. As the team wrote these on flip chart sheets they were able to see patterns and linkages emerging. The team started with the Mission related areas of Research and Care and then moved into the area of COCs. Each area was revisited several times as new ideas came to the surface and as each KPQ impacted on the others. The senior management team found it an exhausting but very empowering process and one where everyone could contribute to areas ‘owned’ by others. Often, it was not the functional expert who came up with the final KPQs for their particular areas and this helped with the principle of joint ownership of the performance framework. The team worked their way through the COCs and onto the Infrastructure/Support areas. Here, they were able to ensure the KPQs bore a close and necessary relationship to the COCs and Mission, thus helping to ensure that the whole was greater than the sum of the parts. The whole process took about 4-5 hours which doesn’t
seem long but everyone felt tremendously drained at the end. The next job was to sanity check the KPQs which the team did about two weeks later. There was some refinement but essentially the KPQs were robust. At this point the senior management team decided it was time to engage with the functional leads group. These are the managers and heads of department reporting to senior management team and numbers fifteen. A general briefing was carried out and the senior management team then worked team by team to set the Key Performance Indicators (KPIs).

**Conclusion:** The design and implementation of the Association’s Strategic Performance Management System has generally been a positive experience for managers and staff. The Strategic Map has become an integral part of the way people in the Association think. The use of the associated KPQs and KPIs in informing performance improvements and supporting enhanced accountability. External facilitation was essential to the successful implementation because it prevented the team from getting stuck for too long and from going off on tangents. It kept the process on track and dissuaded the Association from creating unnecessary complexity. Another positive has been the response of stakeholder groups to the commitment the Association is making as an organisation to performance reporting. Donors are impressed and see this as a way of helping ensure their donations really do achieve outcomes and contribute towards mission achievement. The Association launched a £15 million research funding appeal in 2007 and has raised £6.0 million through its own fundraising resources plus receiving a commitment from government that it or the Medical Research Council will invest a minimum of £7.5 million in the search for causes, treatments and ultimately a cure for MND. The success of this appeal has undoubtedly benefitted from being able to demonstrate accountability for performance which is based on the performance management system.
Tesco is one of the world’s most successful companies. This case study outlines how this world-leading retailer is managing, measuring and maximising its performance. It describes the performance framework used to manage the business globally, outlines how the performance framework is being cascaded and communicated, and illustrates how Tesco is engaging its employees in performance management. In addition, it highlights Tesco’s approach to collecting the right data and its ability to turn this data into customer and business relevant decisions.

About Tesco: Tesco is an impressive company. The British-based international grocery and general merchandising retail group operates 4,331 stores across 14 countries, employs 470,000 people, and in 2009 generated £59.4bn in sales. Tesco is the largest private sector employer in the United Kingdom, and is currently the third largest global retailer based on revenue and the second largest based on profit. Over the years, the company has been transformed from a ‘pile it high, sell it cheap’ market trader to a world-leading retail group. While it originally specialised in food and drink, it now offers a wide range of products including clothing and consumer electronics and offers an increasing range of services such as telecoms, health, internet, insurance and financial services. In addition to its stores, Tesco has created a very successful online supermarket offering among other things - groceries, home retailing, and music downloads. Even amidst the current global recession Tesco is performing extremely well with a 15.1% growth in annual sales and a 5.5% growth in profits.

Introduction: Tesco has delivered impressive performance. Good performance and business success is underpinned by the right strategic objectives, which have to be communicated to all staff. However, even more critical are:

1. Making sure everyone in the company is actively engaged in trying to improve company performance – all the time;
2. Having the data and analytical skills to test ideas and turn insight into customer and business relevant actions.

This case study outlines Tesco’s performance management journey, which so far has been an extremely successful one.
Evolving the Performance Framework: In order to stay relevant, any performance framework needs to evolve with the organisation and reflect the shifting priorities. Tesco has been able to change its Steering Wheel in line with a shift in strategic objectives. One of the more recent major evolutions has been to add the community perspective to the Steering Wheel. Tesco realised that issues such as climate change and the impact its presence has on the local community are important challenges. As part of its strategy it now draws up an annual community plan for each area it operates in. The new community perspective has led to initiatives such as reducing the use of carrier bags by 50 percent, more locally sourced products and a reduction in the carbon footprint.

Conclusion: Tesco has demonstrated that keeping it simple can be a powerful approach to managing corporate performance. It has demonstrated three important aspects:

1. By keeping the performance framework simple and easy to understand it is able communicate what matters the most to everyone in the company;
2. By creating simple tools such as the Local Steering Wheel Template and the Shopping Lists it is able to engage people in performance and delegate responsibility for performance improvements to front line staff;
3. By not measuring everything it could and instead focusing only on the data that will provide relevant insights Tesco is able to deliver improvements that benefit customers and its business.
**CASE STUDY 4: Design of a corporate performance management system in a devolved governmental organization** (2003), Gavin Lawrie, Ian Cobbold (2GC Active Management), John Marshall (The Environment agency)

*Introduction:* The Environment Agency is a non-departmental public body carrying out functions in England and Wales on behalf of DEFRA and The National Assembly for Wales. The Agency carries out a wide range of duties grouped across five broad areas: Regulation, Protection, Improvement, Information Provision, and Planning & Development Control. Formed in 1996, through the combination of 86 separate governmental organisations into a single entity, the Agency now employs more than 11,000 people within a flat matrix based devolved organisational structure. The Agency adopted this type of organisational structure in response to the diversity of duties covered by the Agency’s operational role (e.g. from the issue of fishing rod licenses to the implementation of EU directives on industrial waste) and variation in the mix of these duties faced by different areas arising from differences in local geography (e.g. length of coastline, mix of agriculture to industry, etc.). The matrix includes the following types of organisational units (The Environment Agency, FMPR Review, 2001):

- **Areas** – providing local service delivery;
- **Regions** – providing effective links to Regional Government and Regional Development Agencies, and co-ordinating the areas within the region;
- **National Head Office** - responsible for the Agency’s corporate direction, establishing Agency policy, monitoring overall performance, and interfacing with government departments and national organisations;
- **National Services** - securing the economies of scale and critical mass to maintain competencies (e.g. training, finance, and publications);
- **National Centres** – comprising groups of staff expected to achieve national and international standing, to ensure that the scientific base of the organisation’s work is developed; centres are required to identify and support current best practice, to commission research to improve best practice and develop new methods, and to support the systematic application of new methods and best practices across the organisation.

*The need for change to Corporate Performance Management* (CPM) The Agency recognised that there were two management issues needing to be addressed so as to enable better and more effective management of its flat, matrix style organisation: 1. The efficient
and effective communication of purpose and task from the head of the organisation to the Areas via the matrix;
2. The reconciliation of performance of the whole organisation against goals.

*The requirements of the new management system:* The CPM project was required to deliver: A unified CPM system, which met all Agency ‘performance’ needs using defined performance indicators and measures, integrated into the way the Agency works; A suite of key performance indicators and supporting measures useful at both strategic and operational levels, focusing on organisation, process and individual performance.

*Observations and conclusions:* Overall, the CPM project is seen as a success. For the roll-out programme into the 43 units, most of the design work was completed in a challenging nine months, due to the demands placed on the Agency by other change projects. The process to develop a CPM system for this large, devolved organisation was exceptional, partially because 44 Balanced Scorecards were successfully designed and implemented in such a tight timeframe, partially because this was achieved with facilitators who were neither experienced in the process of designing strategic management systems, nor in the methods by which management teams should be facilitated through such a process. Finally, the output quality was of a high standard, with each of the 43 unit Balanced Scorecards having been subjected to an extensive internal audit of design and process quality and consistency, ensuring that the management teams developed a useful and workable system.
**CASE STUDY 5: Narmada Institute of Management Studies**¹⁰: A Profile NIMS was a middle-level business management institution based in central India and established in 2004. Spread across 30 acres, it was located about 35 kilometers outside a fast-growing tier-II city, which was in the heart of the country. One of the biggest advantages of this city was that it was easily accessible by rail from the five major metropolis cities of the nation. NIMS was conceived as a fully integrated business management school engaged in the following activities:

- **Teaching:** Full-time residential postgraduate programmes in management
- **Research:** Academic and field-based research in various areas of management
- **Executive education and consulting services**

Hence, it was a chicken–egg situation. Good faculty members would like to work in a good business management school, and unless NIMS attracted good faculty, it would remain mediocre.

**The Performance Management System:** The current system of performance management and work measurement clearly indicated the minimum workload expected from faculty at the beginning of the year itself. Faculty members at a business school were primarily responsible for teaching, research and consulting. In addition, there could be some administrative responsibilities allotted based on institutional requirements. Each activity had certain units allotted, which varied, depending on the nature of activity.

**Conceptual Framework:** Aligning organisational goals to individual goals Performance management is a process, which aims to enhance organisational performance by positively impacting the contribution of individuals and groups within the organisation. The fundamental premise in performance management theory is that organisational goals can be linked to unit-level and individual goals, and hence, the best way of achieving organisational performance is by ensuring that individual goals are met. Performance management is a cyclical process that includes goal setting, performance facilitation, performance measurement, feedback, linkage with rewards and developmental needs. In the absence of a formal goal-setting process it is unlikely that employees are aware of what is expected from them. In the context of NIMS, the employees being referred to are faculty members who have their own area of expertise and preferences. If a particular faculty member prefers teaching to
doing research, she or he is well justified in maximising teaching load and focusing very little on research and publications. Are the goals of individual faculty members aligned with the institutional goals? How should the institute ensure that this happens?

In its current form, the unit-based work measurement system failed to link organisational goals with individual’s goals. Clearly, it was more remunerative for faculty members to maximise earnings by teaching as many courses as possible instead of engaging in research or executive education. There seems a case for enhancing the unit allocation in these two areas and limiting the teaching workload of faculty members.

The performance measurement system at NIMS has two distinct components:

1. **The unit-based system**: Where faculty members are allotted units based on the work performed by them during the year. Variable payouts are based on this system;
2. **Performance appraisal by committee and director**: Herein, a designated committee of senior faculty members and director appraise performance of faculty members on various parameters such as participation in institution building activities, teaching feedback received, research output, participation in EEPs and behavioural issues. Results of this appraisal process are used to decide on increments in base salary and promotions.

The system seems constrained by several weaknesses, some of which are enlisted below:

a. First, the system fails to link organisational objectives with individual objectives. This has been explicated in detail earlier;

b. Second, the system does not emphasise quality of work in any area except teaching.

**Conclusion**: This case highlights the significance of a performance management system as a mechanism for managing intellectual capital. On the basis of the evidence presented through the case of NIMS, it is fair to state that having some mechanism to measure and manage the performance of academicians is preferable than having no formal system at all. Although the system at NIMS has a few lacunae, it enables the institute to track performance in most activities and provides a basis for deciding compensation of faculty members. However, in order to be effective, performance management systems need to be characterised by fairness
and consistency. Fairness denotes equal opportunity to all employees and rewards that are equitable with efforts. Consistency, on the contrary, signifies that the system evaluates similar type of performance using the same set of rules and regulations. The system at NIMS has enough scope for improvement on both accounts. It is also useful to recognise that, even immaculately designed performance management and reward systems are vulnerable to some level of misuse. Systems development is an iterative process and the management of NIMS should strive to identify shortcomings and effect changes in the system on a continuous basis.

*Exhibit 1: Faculty work measurement system NIMS*

Teaching and research supervision Programme/Activity is considered under the Performance Management system at NIMS.

Faculties who are teaching PGDM and other long-duration programmes are put in to the Performance Management System and following credits are given for each of the activities:

- Course planning for 3 credits courses of 20 sessions each : 10 Units
- Presentation and delivery (per section) : 20 units
- Evaluation and grading (class size < 25) (per section) : 10 units
- Evaluation and grading (class size between 26 and 50) (per section) : 15 units
- Evaluation and grading (class size > 51) (per section) : 20 units
- Student feedback : 5 to 15 units
- Supervision of PhD thesis : 20 units

Evaluation of internships and student projects per student 2 Pro-rated of more than 1 faculty member is involved

*Units for student feedback of teaching (on a scale of 1–5)*

1. Feedback of 4.51 and above : 15 units
2. Feedback of 4.01 to 4.5 : 10 units
3. Feedback of 3.51 to 4.0 : 5 units
4. Feedback of 3.01 to 3.5 : 2 units
CASE STUDY 6: *Performance Management System at Titan Industries Limited*

Liberalisation and globalisations though has offered many opportunities to Indian companies, also lead to some challenging situations to be tackled. The key challenge to manage companies was survival in the post globalization period. Companies started re-orienting themselves to become more efficient, more customers focused with more microscopic approaches. In this competitive scenario Performance Management Systems acts as an important tool to leverage performance of Titan Industries Ltd.

Titan strongly believes that the success of PMS shall depend on how the whole HRM processes are in place in the organization. We have nurtured a culture where every employee targets right first time every time as a way of life. Our recruitment process itself acts as an important support for the success of PMS in Titan. While in many organizations, performance appraisals evoke a lot negative reactions, Titan has made sincere effort to make appraisal process proactive and beneficial. In the PMS, we have avoided the stand alone annual review to generic appraisal and one sided appraisals in favour of developing a Performance Management Process, designing specific and relevant appraisals by promoting a two way dialogue.

Objectives of PMS:

- To create role clarity and clarify performance expectations and measure at individual, group and organizational levels;
- To provide job guidance, feedback and counseling to build upon the strengths and areas of improvement, so as to bridge the gap between performance and expectations;
- To build a positive work relationship between the appraiser and the appraisee through a two way dialogue communication process;
- To identify the training and developmental needs of the employees;
- To make reward mechanism more objective, transparent and commensurate with the level of performance;
- To promote a performance culture as Titan Culture of Excellence.
Key Result Areas:

- Areas of responsibility in which an employee is expected to produce results;
- Give direction to person’s job and help to focus on important job areas;
- Provide a basis for appraisal, counseling and feedback;
- Increase mutual job understanding with superiors;
- These KRAs may change as priorities and responsibilities change, they are dynamic in nature;
- Focus in new initiatives;
- Implementing various organizational objectives.

The PMS development plan has two parts: Identifying training needs – The role of appraiser is not to choose training course for the employee. Instead, the appraiser should encourage and support the employee to understand the new skills, competencies and experiences he/she may need for superior performance. Coaching – Extensive training is given to the appraiser’s to be a good coach and how to do it on an ongoing basis.

Conclusion: Thus at Titan, Performance management is both a process and a system. It is a process of creating a work environment in which people are enabled to perform to the best of their abilities. Performance Management System is a whole work system that begin when job is defined as needed. It ends when an employee leaves the organisation. Titan considers that the goal of performance is to achieve the company’s vision and accomplish the needs of individuals, by continuously adding value to his organisaiton and to himself/herself.

Learning from above cases for the present study

Faculty Performance Management System being developed in the present study has analysed above six cases and drawn lessons which are relevant from an institutional point of view. Many of the above cases are from corporate organisations and their applications, vision and goals. Hence what may work for a corporate organisaiton may not work exactly for educational institutions. Current research has made effort to understand basic features of PMS and its delicacies and developing a model for Faculty Performance Management System.
4. CII report (2012), Indian Education sector report, India
5. BRIC means those countries formed a consortium i.e., Brazil, Russia, India & China
6. FICCI-E&Y Report, 2010, India
8. University Regulations (2010), India Gazette Notification, Part 3, Sector 4