CHAPTER 9 – FINDINGS AND ANALYSIS

9.1) Prediction of factors affecting employee performance
9.2) Discussion of policies, goals and processes

9.1) PREDICTION OF FACTORS AFFECTING EMPLOYEE PERFORMANCE

9.1.1 Strategies to Improve Performance:

Companies can do many things to improve employee performance. More specific and frequently used strategies include:

i. Positive reinforcement system.
ii. Positive discipline programmes.
iii. Employee assistance programmes.
iv. Employee counselling.

The positive reinforcement system lets employees know how well they are meeting specific goals and rewards improvements with praise and recognition. In the sense that no money is involved, it is a unique incentive system. Like all incentive systems, a basic premise of positive reinforcement is that behaviour can be understood and modified by its consequences. Some organisations improve performance through the use of positive discipline or non-punitive discipline. Employee assistance programmes are designed specifically to assist employees with chronic personal problems that hinder their job performance and attendance. Such programmes are often used with employees who are alcoholics or who have severe domestic problems.
Counselling is an inescapable and necessary part of appraisal. It has to do with a personal relationship and interaction between two people one of whom is wiser or more experienced than the other. The main step in appraising and counselling subordinates are as follows:

i. Schedule periodic appraisals for all immediate subordinates.

ii. Establish performance appraisal standards jointly with subordinates.

iii. Prepare for each appraisal and counselling session, select an appropriate place, provide enough time and review records.

iv. Make appraisal sessions cooperative. The subordinate must be encouraged to appraise his own performance and share his ideas and feelings with the appraiser.

v. Establish and maintain rapport with subordinate by words, actions and attitude.

vi. Jointly explore alternative solutions and the consequences of selecting each one.

vii. Help the subordinate to come to a self-determined solution to the problem or deficiency.

viii. Terminate the session gracefully.

ix. Complete records of the session and decisions for future reference.

x. Carry out the decisions and actions.

xi. Follow up and evaluate results.

Many situations that arise at work demand effective counselling skills. Counselling is an important communication based activity. Counselling skills include listening, understanding, initiating effective communication and evaluating solutions. Effective counselling skills are aimed at:

i. Bringing about some constructive change in the subordinate’s behaviour.

ii. Locating the root cause of subordinate’s problem.

iii. Reducing frustration by allowing subordinates to express their attitudes and feeling about their jobs.
iv. Stimulating problem-solving for the purpose of finding solutions to the subordinate’s problems and achieve excellence in his performance.

Effective counselling demands effective communication, active listening and transactional analysis. In addition, some specific counselling guidelines include:

i. Avoid making your subordinates defensive; recognise that defensive behaviour is normal.

ii. Never attack a person’s defence, try to concentrate on the act itself (inadequate sales, decreasing profits and so on) rather than on the subordinate.

iii. Postpone action, sometimes, the best thing to do is nothing at all.

iv. Be an active listener; be sure you understand not only the words, more importantly, the feelings and attitudes underlying them.

v. Try not to criticise, criticism often just evokes defensive behaviour.

vi. Try to counsel often, on a daily basis, rather than once or twice a year, give feedback.

vii. Use critical incidents. No one likes being told with vague generalities that his performance is not up to the mark. Try to be especially specific about the behaviour you consider unsatisfactory.

viii. Agree on standards of improvement. But results are always achieved when the superior and subordinate set specific goals to be achieved.

ix. Get your subordinates to talk.

There is great degree of unhappiness all around with performance appraisals. Rarely does one come across managers who are happy with the appraisal systems in their organisations. But managers find it difficult to do with them because in the absence of an appraisal mechanism, howsoever weak it may be, it is difficult to get work out of people. It is a good mechanism to control people. In practice, a development oriented performance appraisal system has to be evolved by combining certain key
elements such as performance analysis, self-appraisal, performance ratings and counselling. Voltas have evolved a development-oriented appraisal system on the basis of their own experiments and exercises over the years. Larsen and Toubro Limited is the first company in India to introduce a development-oriented performance appraisal system almost a decade ago as a part of an integrated human resource development system. The State Bank of India also introduced such a system in some of its branches covering a large number of officials. Any organisation interested in changing its appraisal system from control-oriented confidential reports to a development oriented system is actually initiating a change in its culture. Such a change is slow, and is likely to be resisted even if it is good for the employees and therefore, should be carefully planned and monitored.

9.1.2 Factors Affecting Performance Appraisal:

According to prof. S.K. Chakraborty, before doing performance appraisal, it is always advisable to make a preliminary survey of the following factors within which the employees of an organisation are working.

a. Environmental constraints:

There are several environmental constraints outside the control of a worker. It would be unjust to ignore this fact in judging his performance. For example, the quality of raw material in an organisation may deteriorate over a period or the machinery may break down unexpectedly. Hence, both productivity and quality may suffer. But the performance appraisal of the worker should not be affected if selection of materials and maintenance of machinery are done at higher levels in the organisation.

b. Style of organisational leadership:

The style of leadership of an organisation to a large extent determines the loyalty and commitment of employees to the goals of an organisation. Effective top leadership orients and motivates the entire organisation for better performance. Employees at every level become highly performance conscious. Under such
condition performance appraisal is liked by every body. It is considered an imposition or structure in the opposite conditions.

c. **Interdependence of sub-systems:**

   A big organisation is composed of a number of interdependent sub-systems, the success or failure of which must be interpreted in the context of all other sub-systems to which it is related. For example, the sub-standard output of the production department may be due to the poor quality of purchases made by the purchasing department. It may be at some higher level sub-system where planning for the production and purchase departments has been done. Because of this interdependence of sub-systems suggestion is often made to start performance appraisal from the apex. This leads to more systematic and logical cause and effect tracing of performance at all levels within the organisation.

d. **Organisational structure:**

   Burns and Stalker classify organisational structure into “organistic” and “mechanistic”. Organistic structures have quite flexible organisational structure. Elaborate organisation charts or manuals are usually non-existent. In rapidly changing environments such structures can quickly manoeuvre themselves into vantage position to confront new situations. This makes such structures responsive to innovation of all kinds. On the other hand, mechanistic structure tends to be rigid, with clearly defined relationships and responsibilities. By implication, these structures tend to be static and are designed to carry out a nearly fixed strategy in a relatively environment. In a mechanistic structure initiative, drive and imagination do not receive encouragement.

9.2) **DISCUSSION OF POLICIES, GOALS AND PROCESSES**

   Industry is an important part of most societies and nations. A government must have some kind of industrial policy, regulating industrial placement, industrial pollution, financing and industrial labour.
The Industrial policy concentrates on deregulating Indian industry, allowing the industry freedom and flexibility in responding to market forces and providing a policy of Indian Industry.

The main features of the objectives of the Industrial policy of the Government of India are as follows:

- To maintain a sustained growth in productivity.
- To achieve optimal utilization of human resources.

Industrial policy of India was announced by the central government in the Resolution number 1(3)-44(130 48 on 6th April, 1948 and was later approved by the Central Legislature. It aimed to centrally control the development and regulation of a number of important industries which affected the economy of the whole country and the development of such industries needed to be governed by the economic factors of all-India import. Thus, the Industries (Development and Regulation) Bill was introduced to achieve this objective. After being passed by both the Houses of Parliament, the Bill receive the assent of the President on 31st October, 1951.

Processes:

A company can accomplish its stakeholders goals only by managing and linking work processes. High – performance companies are increasingly focusing on the need to manage core business processes such as new product development, customer attraction and retention and order fulfilment. They are reengineering the work flows and building cross- functional teams responsible for each process. 

For example – at xeror a customer operations group links sales, shipping, installation, service and billing so that these activities how smoothly into one another. Winning companies will be those that achieve excellent capabilities in managing core business processes through cross functional teams.
A McKinsey and company study reported:

High performing companies emphasise a set of skills notably different from their less successful counterparts. They value cross-functional skills while other companies pride themselves on their functional strengths. High performers boast, “we have got the best project managers in the world”. Low performers say, “We have got the best circuit designers”.

The high performance business:

- Set strategies to satisfy key stakeholders
- By improving critical business processes
- And aligning resources and organisation
Implementing total quality management:

One of the major values customers expect from vendors is high product and service quality. Most will no longer accept or tolerate over age quality. If companies want to stay in the race, let alone be profitable, they have no choice but to adopt total quality management (TQM). Total quality management (TQM) is an organisation wide approach to continuously improving the quality of all the organisations processes, products and services.

According to GE’s former chairman John F. Welch Jr., “quality is our best assurance of customer allegiance, our strongest defence against foreign competition and the only path to sustained growth and earnings”.

The drive to produce goods that are superior in world markets has led some countries and groups of countries to recognise or award prizes to companies that exemplify the best quality practices.

JAPAN: In 1951, Japan became the first country to award a national quality prize, the Deming Prize. What exactly is quality? Various exports have defined it as “fitness for use”, “conformance to requirements”, “and freedom from variation” and so on.

We will use the American society for quality control’s definition: “Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs. We can say that the seller has delivered quality whenever the seller’s product or service meets or exceeds the customer’s expectations.