

S. S. Jain Subodh Management Institute

MBA IVth Semester, (Model Paper & Suggested Answers)

Subject: Performance Management & Retention Strategies

Paper Code: M-431

Time: 1 Hour

Max Marks: 10

Answer any two out of the three Questions:

Q1) Explain the concept of Competency Mapping & Competence Based Performance Management Systems.

Q2) What is Potential Appraisal? Discuss the objectives and purpose of Potential Appraisal.

Q3) Write a note on Performance Coaching. How does it work and how does it contribute towards the effectiveness of the Performance Management System?

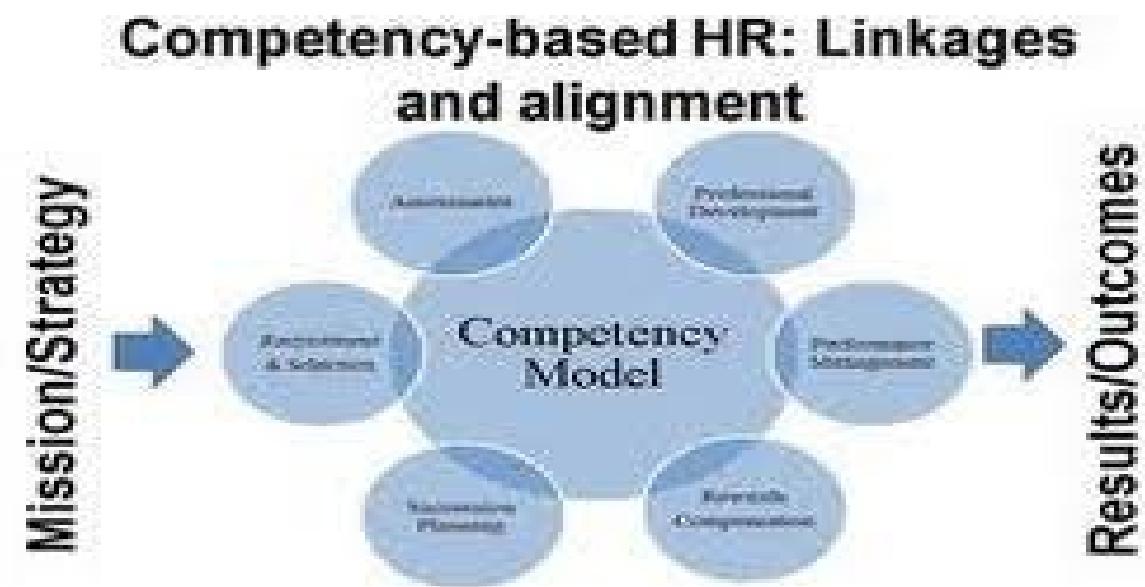
Suggested Answers:

Ans 1)

'Competency Mapping' identifies an individual's strengths and weaknesses. The aim is to enable the person to better understand himself or herself and to point out where career development efforts need to be directed.

Competencies are derived from specific job families within the organization and are often grouped around categories such as strategy, relationships, innovation, leadership, risk-taking, decision-making, emotional intelligence, etc.

So far as the way to go about for competency mapping is concerned, the first step is job analysis, where the company needs to list core competency requirements for the job concerned. The next step should be development of a competency scale for the job on the parameters previously identified.



The actual mapping of employees can be a self-done exercise or done by others like superiors. It can also be done by using the 360-degree method where peers, first reports and customers also rate the employee.

Competence Based Performance Management Systems.

High-performance organizations realize that their success depends on how capable their people are. They also recognize that formal education doesn't necessarily equip employees with the appropriate skills to thrive in the workplace. The solution lies in training staff to meet the **specific requirements of your organization**. This is where competency-based training comes in.

Competency-based training is developed around the competency standards that have been identified for a specific role. To be assessed as competent, a person must demonstrate the ability to perform a job's specific tasks.

Competency Creates a Win-Win Environment: In a competency-based system, both the employer and the employee benefit. This is a result of establishing a transparent blueprint for recruitment, job expectations, performance evaluation, and advancement paths. Personal judgment and subjectivity are

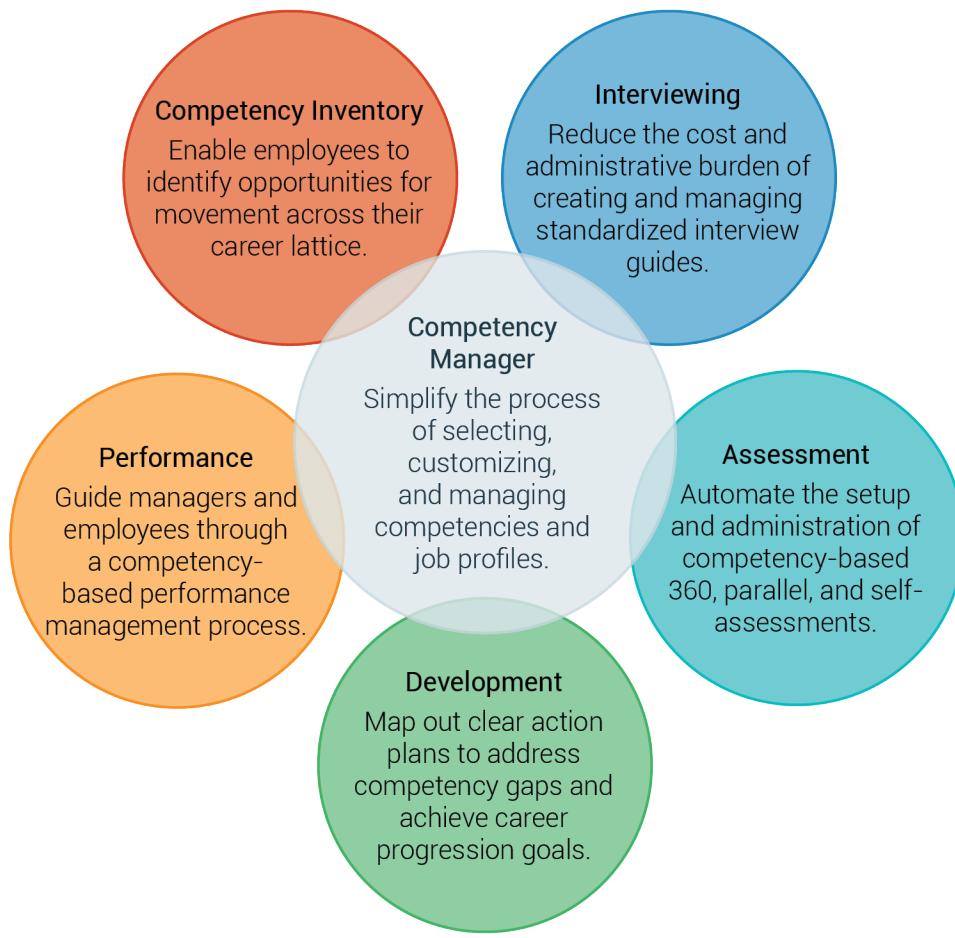
minimized, creating a more positive work environment and a stronger relationship between employee and employer.

Benefits of a Competency-Based System for Employers

- Ensures that organization-funded training and professional development activities are cost-effective, goal-oriented and productive
- Enables employees to achieve a high level of competence in an efficient manner
- Records the employee's acquisition of the skills, knowledge, safety and other procedures relating to each task
- Reduces cost overruns caused by poor performance or miscommunication of job expectations
- Improves communication between employee and management
- Increases internal employee mobility, providing the organization with greater ability scale and flex as needed
- Establishes a framework for constructive feedback by management at scheduled training and performance appraisal intervals
- Clarifies job standards for performance appraisals
- Outlines employee development and promotional paths within the organization

Benefits of a Competency-Based System for Employees

- Sets clear performance expectations for employees, enabling them to make better decisions and work more effectively
- Gives employees insight into the overall strategy of their team, department, and organization, leading to greater engagement and motivation
- Enables employees to be more proactive beyond their individual roles, by learning additional competencies that are valued by the organization
- Provides clear direction for learning new job skills
- Offers a reference resource for day-to-day requirements
- Increases the potential for job satisfaction
- Provides a mechanism for the recognition of employees' abilities
- Ensures that individual professional development and training milestones are recorded and acknowledged by the organization



Ans 2)Potential appraisal is a powerful tool of employee development. Whether managers realise it or not, they are accustomed to make potential assessments. Every time a manager recommends or fails to recommend an employee for a promotion, a potential assessment has, in fact, been made. The process of assessing the managerial potential of employees deals with the question of whether or not they have the ability to handle positions in the future which involve considerably more responsibility than what they have right now. As long as individuals are viewed as being able to handle increased or different responsibilities, they would be considered to have potential (either latent or visible).

Potential appraisal may thus be defined as a process of determining an employee's strengths and weaknesses with a view to use this as a predictor of his future performance. This would help determine the promotability of an individual to a higher position and help chalk out his career plan. The fundamental difference between reviewing performance and assessing potential is in the criteria used. In reviewing performance, the criterion used is what goals the employee achieved and what skills he or she currently possesses that could be indicators of his or her ability to assume different or more advanced responsibilities. It is this that makes potential appraisal a very crucial & critical area.

If an employee without requisite abilities is promoted to a higher position and does not perform as per expectations, then it becomes impossible to demote him. Thus, he is unable to perform at the higher level and becomes a 'passenger' in the system. It is rightfully assumed that every individual has potential, low or high. Many organizations have people whose potential being low; performance too is not up to the mark. Whilst the question in our minds hovers around how such people got into the system, the fact remains that they do not contribute to the organization's performance. If appraisal process implemented well, professional performance and potential appraisal could take the organisation on a fast development track and faster productivity through people.

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

Potential appraisal is one of the most important requirement for successful business and human resource policy (kressler 2003). Rewarding and promoting effective performance in organization, as well as identifying ineffective performers for developmental programs or other personnel actions are essential to effective human resource management (Pulakos 2003).

Project on potential appraisal was done by many, and the research process carried out to find out the employee's potential. Sajitha Nair had done a project on potential appraisal for succession planning in the year 2005. She looked at the competencies required by the person who will fit in the job role. Then looked at the competencies possessed by the person and did a gap analysis. She found that everyone excels in all key actions, full mastery of all competencies.

Gauging employee's potential for managerial skills was done by Jasmine (2006). She found that employees lack in decision making skills so that should be improved by various training methods. Shradha (2006) did a research study on potential appraisal process. She recommended that potential appraisal is an effective method to find out hidden talents and skills.

POTENTIAL APPRAISAL CAN SERVE THE FOLLOWING PURPOSES:

- To advise employees about their overall career development and future prospects

- Help the organization to chalk out succession plans
- Motivate the employees to further develop their skills and competencies.
- To identify the training needs.

TECHNIQUES OF POTENTIAL APPRAISAL: The following are the various techniques of Potential Appraisal:-

- Self – appraisals
- Peer appraisals
- Superior appraisals
- MBO
- Psychological and psychometric tests
- Management games like role playing
- Leadership exercises etc.

With the help of the potential appraisal form, the employees/ individuals are judged on various performance and behavioural parameters like:

- The performance areas in which the improvement or development is indicated.
- The accomplishments and the targets achieved in the current appraisal period
- Overall rating of the performance
- What skills, knowledge, competencies and qualities should be developed?
- Has the employee taken any steps for improving his performance and his career development?
- Recommendations for the training and development of the employee
- Updating knowledge on the latest developments on their job related and subject areas.
- Rate the employee on the following characteristics or how does the employee fair on following behavioural characteristics:
 - Decision making
 - Independent
 - Confidence towards the job
 - Handling stress and pressure
 - Inter-personal skills, both with superiors and subordinates
 - Leadership, motivating and conflict handling

The past performance of the employee and the potential of performing in future helps to identify the hidden talents.

APPRAISAL PROCESS

Potential appraisal is an important part of the appraisal process. Appraising an employee's potential helps to evaluate his/her capability for growth and development to greater challenges, responsibilities and positions in the organisational hierarchy. Most organisations incorporate potential appraisal in their appraisal processes for identifying and developing suitable employee base for succession planning.

This appraisal concentrates on the future, based on the performance of the past and helps in developing the personal interests of the employees in alignment to the organisational goals.

Potential appraisal is thus a powerful tool of employee development. The fundamental difference between reviewing performance and assessing potential is in the criteria used. In reviewing performance, the criterion used is what goals the employee achieved and what skills he or she currently possesses that could be indicators of his or her ability to assume different or more advanced responsibilities. It is this that makes potential appraisal a very crucial & critical area. If an employee without requisite abilities is promoted to a higher position and does not perform as per expectations,

then it becomes impossible to demote him. He therefore is unable to perform at the higher level and becomes a 'passenger' in the system. It is rightfully assumed that every individual has potential, low or high. Many organizations have people whose potential being low; performance too is not up to the mark. Whilst the question in our minds hovers around how such people got into the system, the fact remains that they do not contribute to the organization's performance. Potential Appraisal steps in to gauge employees potential for management positions. The aim of potential assessment is to identify training and development needs, provide guidance on possible directions in which an individual's career might go, and indicate who has potential for promotion.

Ans 3

Performance Coaching is a process where one person facilitates the development and action planning of another, in order that the individual can bring about changes in their lives.

Performance Coaching is not advice giving and does not involve the coach sharing their experience or opinions.

Performance Coaching helps you move forward at your pace within an equal and trusting relationship.



Working with a coach can help you to:

- Identify road blocks to achieving your true potential
- Set practical, achievable goals
- Develop new skills
- Identify and maximise strengths

- Develop tools to overcome weaknesses
- Develop a greater understanding of your wants, needs and desires
- Sense, identify and understand the emotions and reactions of others
- More effectively inspire and drive a team towards success
- Address and overcome negative behaviour and thought processes that create road blocks

Performance Coaching for executives or employees achieves a fulfilling balance between professional goals and personal development.

In a business context Performance Coaching can bring out the true potential of staff at all levels.

Understanding how thoughts and behaviours are affected by emotions, relationships and social networks is an effective tool for enhancing performance. But it's not all about enhancing performance. Confidential coaching can support your organisation in addressing issues such as absenteeism, burnout and stress.

Organisational change brought about by mergers, acquisitions or redundancies can be the catalyst for coaching support. Whether personal, professional or organisational, Performance Coaching will help you to manage change positively.

The first step in any effort to improve employee performance is counseling or coaching. Counseling or coaching is part of the day-to-day interaction between a supervisor and an employee who reports to her, or an HR professional and line managers.

Coaching often provides positive feedback about employee contributions. Employees need to know when they are effective contributors. By providing this positive feedback, you are also letting the employee know the actions and contributions that you'd like to reinforce so that you see more of them.

(I) Coaching When Performance Issues Exist

At the same time, regular coaching brings performance issues to an employee's attention when they are minor. Your coaching feedback assists the employee to correct these issues before they become significant detractions from her performance.

The goal of performance coaching is not to make the employee feel bad, nor is it provided to show how much the HR professional or manager know. The goal of coaching is to work with the employee to solve performance problems and to improve the work of the employee, the team, and the department.

Employees who respond positively to coaching and improve their performance can become valued contributors to the success of the business. Employees who fail to improve will find themselves placed on a formal performance improvement plan, known as a PIP. This sets up a formal process wherein the manager meets regularly with the underperforming employee to provide coaching and feedback.

At the meetings, they also evaluate how well the employee is performing in achieving the performance goals that were enumerated in the PIP. Generally, by the time an employee has received a PIP, Human Resources staff are significantly involved in both the meetings and in the review of the employee's progress and performance.

Employees who fail to improve when on the PIP are likely to find their employment terminated.

(II) Performance Coaching when no performance issues exist but there are efforts to become even more effective

In a second example of the use of performance coaching, managers can use performance coaching to help employees who are effective contributors improve and become even more effective contributors. Done

well, coaching can help an employee continuously improve their skills, experience, and ability to contribute.

From years of observing managers coaching, the time managers spend in performance coaching with their best, most contributing employees is time well spent. It is more likely to produce increasing results for the organization and for the manager's department and priorities.

It is ironic that many managers find that they spend the majority of their time with their troubled, or underperforming employees. This is despite the fact that the most significant value from their time and energy investment comes from the opposite priority.

Coaching is an effective tool for managers to deploy in their efforts to help employees succeed, and especially help employees increase their skills and their potential opportunities for promotion or lateral moves to more interesting positions.

Benefits of Good Coaching

Help develop employee's competence

Help correct unsatisfactory performance

Help diagnose performance problems

Foster productive working relationship

Improve employee performance

The 6 Coaching Steps to provide effective supportive coaching to your reporting employees.

- Show confidence in the employee's ability and willingness to solve the problem. Ask him or her for help in solving the problem or improving their performance. Ask the employee to join in with you with the goal of increasing the employees' effectiveness as a contributor to your organization.
- Describe the performance problem to the employee. Focus on the problem or behavior that needs improvement, not on the person. Use descriptions of the behavior with examples so that you and the employee share meaning. Ask for the employee's view of the situation. Do they see the same problem or opportunity that you do?
- Determine whether issues exist that limit the employee's ability to perform the task or accomplish the objectives. Four common barriers are time, training, tools, and temperament. Determine how to remove these barriers. Determine whether the employee needs your help to remove the barriers—a key role of a manager—or if he is able to tackle them by himself.
- Discuss potential solutions to the problem or improvement actions to take. Ask the employee for ideas on how to correct the problem, or prevent it from happening again. With a high performing employee, talk about continuous improvement.

- Agree on a written action plan that lists what the employee, the manager, and possibly, the HR professional, will do to correct the problem or improve the situation. Identify the core goals that the employee must meet to achieve the appropriate level of performance that the organization needs.
- Set a date and time for follow-up. Determine if a critical feedback path is needed, so the manager knows how the employee is progressing. Offer positive encouragement. Express confidence in the employee's ability to improve. Recognize, however, that the only person who is in charge of their performance improvement is the employee. As much as you try to help, he is the one in charge.

You can help your reporting employees improve their current performance, or in the case of an already effective employee, help them become more effective. Performance coaching is a powerful tool when managers take advantage of its usefulness.