Unit – 3 MANAGEMENT SCIENCE

List of topics/questions in this units:

1) **Functions of HRM/HR Manager's Functions**
2) **Wage Incentives**
3) **Job evaluation methods**
4) **Merit rating / performance appraisal methods**
5) **Marketing functions**
6) **Product life cycle**
7) **Channels of distribution / channel management.**
8) **Operationlizing change through performance management**

1) What is HRM? Meaning and definitions , what are the Functions of HRM/HR Manager's Functions

Ans) : Human Resource Management is the process of recruiting, selecting, inducting employees, providing orientation, imparting training and development, appraising the performance of employees, deciding compensation and providing benefits, motivating employees, maintaining proper relations with employees.

Among the **five Ms** of management, i.e., men, money, machines, materials, and methods, HRM deals about the first M, which is men. It is believed that in the **five Ms, "men" is not so easy to manage**. "every man is different from other" and they are totally different from the other Ms in the sense that men possess the power to manipulate the other Ms. Whereas, the other Ms are either lifeless or abstract and as such, do not have the power to think and decide what is good for them.

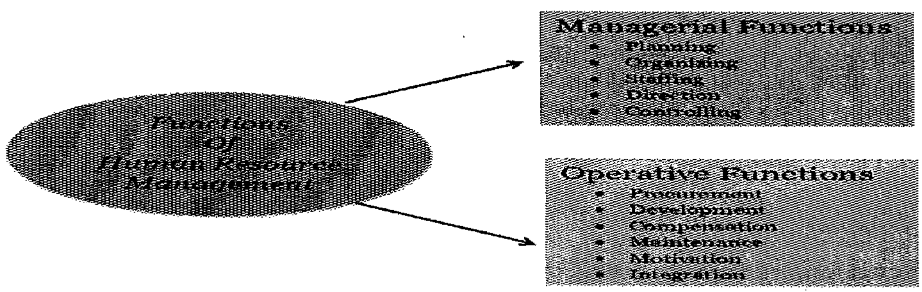
DEFINATIONS:

According to Michael J. Jucius - "a whole consisting of inter-related, inter-dependent and interacting physiological, psychological, sociological and ethical components".

According to Decenzo and Robbins,- "Human Resource Management is concerned with the people dimension" in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization is essential to achieve organsational objectives.

The National Institute of Personal Management (NIPM) - "that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop an effective organization to make their best contribution to its success".

HR FUNCITONS:



MANAGERIAL FUNCTIONS:

PLANNING

Planning is the first and basic function of the management and everything depends upon planning as it is a process of thinking about things before they happen and to make preparations in-advance to deal with them. Poor planning results in failure and effects overall system. Therefore HR Mangers should be aware of when is right time to do things, when things should be done and when things should not be done in order to achieve goals and objectives of the organization.

ORGANIZING

HR managers should be well aware of organizing everything related to human resource and organisation as organizing is the process of making and arranging everything in the proper manner in order to avoid any confusion and conflicts.

- Giving each member a specific tasks to finish overall objectives.
- Establishing departments and divisions of work.
- Delegating authority and responsibilities to the members
- Creating a system and coordinate the works of the members

STAFFING

Staffing is one of the key functions of human resource management as staffing is the process of employing right people, providing suitable training and placing them in the right job by paying them accordingly and satisfactorily.

- Determining the type of people to be hired
- Compensating the employees
- Setting performance standards,
- measuring and evaluating the employees
- Counselling the employees.

DIRECTING

Directing is a knowledge, discipline and formal way of communicating to others that what you are expecting from them to do for an organization. When a HR manager has right directing capabilities, it is gives clarity for employees what they are expected to perform, removes confusion in employees and gives clarity of what results are expected by the management from employees.

CONTROLLING

HR managers should have the knowledge of controlling all HR related matters, as they should be able to think and decide what should be done and what should not be done and which should be done and which should not be done while dealing with employees.

- Establishment of **standard performance** so as to measure the actual performance of the employees by conducting performance evaluation for appraisals
- **Measurement of actual performance** with the established performance standards of employees for finding out gaps in employee performance.
- **Actual performance compare with the standard** one to find the deviation for initiation of corrective actions, if there are any deviations. **Corrective actions** include giving proper and suitable training to such employees or withholding of increments in payments until performance gaps are none.

OPERATIVE FUNCTIONS:

PROCUREMENT - HR

- **Job analysis** is a systematic process of gathering all the data & information pertaining to the job for preparing of job specification which determine the skills, qualifications & qualities for job and preparation of job description which describes the duties and responsibilities so as to recruitment andselection of employee,

Job Analysis

Job Description	**Job Specification**
Job Title/ Name of the Job	Qualifications
Working Hours	Qualities
Duties and Responsibilities	Experience
Working Conditions	Family Background
salary and Incentives	Tranining
	Interpersonal skills

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- **Recruitment & selection**
  - **Recruiting** is the process of inviting qualified job seekers by issuing notification in regular newspapers ,or employment newspapers, employment news and notifications, television media, online and on social networking websites which have become mostly used resources for recruitment and hiring people.
  - Subsequently, **selection** of right person form the pool of candidates by administering various selection tests like preliminarily screening, written tests, oral tests and interviews etc.
- **Human resource planning** (HRP):. The objective is to place right personnel for the right work and optimum utilization of the existing human resources. HRP exists as a part of the planning process of business. The major activities of Human resource planning include:
  - forecasting (future requirements of employees),
  - inventorying (present number of employees),
  - anticipating (comparison of present and future requirements)
- **Induction & Orientation**:

- Induction of Employee is the first step towards gaining an employees' commitment,
- Induction is aimed at introducing the job and organization to the recruit and him or her to the organization.
- Orientation is the planned introduction of new employees to their jobs, coworkers, and the organization so as to alien an employee with their job role.
- Explain the role employees have to play to achieve organization's goals.

DEVELOPMENT - HR

- **Career planning and Career development;** HR managers should help their employees in knowing their strengths for placing them in suitable job, guide employees what skills and knowledge should be acquired for attaining higher positions, planning for suitable training for polishing existing skill set and providing good work-life-balance to make balance between career and personal life, after all, every one work for their personal life .
- **Employee training and development** is the subsystem of an organization and core function of human resource management. It ensures continuous skill development of employees working in organisation and habituates process of learning for developing knowledge to work.

COMPENSATION - HR

- **Wages or salary administration** as prescribed by the labour laws, Wages for workers or salary for employees is the basic and primary thing for which employee's work for an organization.
- wages are classified as

1. Minimum wage - It is also called as irreducible wage, which should be sufficient for worker to get food clothing and shelter.
2. Fair wage - Wage which is paid according to the work of the work
3. Living wage - It is just above minimum wage, which is sufficient to meet minimum health expenses, children education with food, clothing and shelter.

Salary of employees is paid monthly and it consist of various components like basic pay, dearness allowance and house rent allowance especially in the case of government employees. Whereas private employees' salary normally doesn't consist of said components as it is paid under single head .salary format will be

Salary = Basic pay+ Dearness allowances+ House rent allowance.

- **Employee rewards, and benefits** payments according to the employment and labour laws. Employee benefits are categorised into statutory or mandatory and voluntary benefits.

1. Additional fixed pay(O.T)
2. retirement benefits
3. training opportunities
4. incentives
5. insurance benefit
6. health care assistance

MAINTENANCE / MOTIVATION - HR

- **security for employees:** Providing and contributing Employee Provident fund, Payment of Bonus, compensation, payment of gratuity, maternity benefit, paternity benefit and employee insurance
- **Worker's participation** encouraging workers individually or collectively, and become involved in one or more aspects of organizational decision making within the enterprises in which they work Would make employees feel motivated, satisfaction and stay loyal to the management.
- **Motivating employees** : identify the desire and energy in employees and set the target and benefit to interested in a job and committed to do it for attaining a goal. The most important motivating factors for employees are to have a healthy and good working environment, and to have good monitory/ non monitary (financial /non- financial) benefits, compensation and rewards, to have encouragement and support from management and to have a chance of

INTEGRATION - HR

- **Industrial relations** is the process of management dealing with one or more unions with a view to negotiate and subsequently administer collective bargaining agreement or labour contract. Maintaining proper industrial relationships is the core activity of Human Resource Management so as to avoid industrial disputes.

- **Employee Discipline** is a systematic procedure the set-rights and corrects or punishes a subordinate by superior because a rule of procedure has been disobeyed or violated. Discipline is the force that prompts employees to observe rules, regulations, standards and procedures deemed necessary for an organization.

- **Dispute settlement :** Causes of industrial disputes can be broadly classified into **two categories**: economic and non-economic causes.

  - The **economic causes** will include issues relating to compensation like wages, bonus, allowances, and conditions for work, working hours, leave and holidays without pay, unjust layoffs and retrenchments.
  - The **non economic** factors will include victimization of workers, ill treatment by staff members, sympathetic strikes, political factors, indiscipline etc

2) Wage Incentives: <Objectives and methods>

Wage incentive refers to performance linked compensation paid to improve motivation and productivity. It is the monetary inducements offered to employees to make them perform beyond the acceptance standards.

DEFINATIONS :

According to the National Commission of Labour "**wage incentives** are extra financial motivation.

Scott defines it as "any formal and announced programme under which the income of an individual, a small group, a plant work force or all the employees of a firm are partially or wholly related to some measure of productivity output".

Human and Nickerson define it in simple terms as "all the plans that provide extra pay for extra performance in addition to regular wages for a job".

Objectives of Wage Incentive Plans:

(1) The incentive scheme should be profitable to both workers and management.

(2) It should help increasing production and thereby lower the related costs.

(3) It should reward workers in proportion to their output, and thus high up their morale.

(4) The characteristics of an incentive scheme should be such that an able worker is in a position to earn sufficient amount of money to raise his standard of living.

(5) An incentive scheme should provide recognition to a worker for his good contribution.

(6) An incentive scheme should aid improvement in the utilization of equipment, materials and services.

(7) An incentive scheme should furnish a basis for cost control and labour control.

(8) An incentive scheme should help in reducing labour turnover and absentee rate.

(9) An incentive scheme should aim at improving relations between workers and management.

Method # 1. Time Rate System:
Time rate system is the simplest and oldest method of wage payment. According to this system, the workers are paid in accordance with the time spent on the job. The time may be on hourly, daily, weekly, fortnightly or monthly basis. The work or production done by an employee is not taken into consideration.

Method # 2. Piece Rate System: (we have 3 sub methods here)
Piece rate system is a system in which wages are paid in accordance with the number of units of work produced. This is independent of time spent on the job. A fixed rate of wage is paid for each piece of unit produced. We have 3 sub methods in this system:

a. Straight Piece Rate System:
In the straight piece rate system, a worker is paid straight for the number of pieces which he produces per day.

Earning of a worker = No. of pieces (i.e., units) produced x Rate per piece.

b. Straight Piece Rate with a Guaranteed Base Wage:
This method is an improvement over the straight piece rate system as it guarantees a minimum (hourly or daily) base wage. Suppose the standard of output set by the management is 16 pieces per day. If a worker produces less than this amount he still gets the minimum guaranteed wage and if another worker exceeds this standard, he is given a wage in direct proportion to the number of pieces produced by him at the straight piece rate.

c. Differential Piece Rate System: /output based plans: (3 plans)
i) **F. W. Taylor plan :** A differential piece rate system tends to overcome the disadvantages of the piece rate system by providing a guaranteed base. It bases itself on differential wage rates; a worker who exceeds the output standard is paid a higher wage rate per piece and another who fails to do so gets his earnings at a low piece rate. But, This system had the disadvantage that the **inferior or fresh workers, who were unable to reach output** standard, could earn very little and hardly survive.

ii) Merrick's plan: modified the Taylor's plan and introduced Merrick Differential piece Rate System. This plan assured a minimum wage to the workers and suggested separate differential piece rates (in an increasing order) for workers reaching up to 70%, 100%, 120% of the output standards and above This system, though improved Taylor's plan could not become popular because of its complex nature of wage calculations.

iii) Gant's task plan: is based on careful time and motion study. A standard time is fixed for doing a particular task, worker's actual performance is compared with the standard time and his efficiency is determined. If a worker takes more time than the standard time to complete the task (i.e., his efficiency is below 100%), he is given wages for the time taken by him and if a worker takes the standard time to perform the task (i.e., efficiency is 100%), he is given wages for the standard time and a bonus of 20% on the wages earned.

Method # 3. Combination of Time and Piece Rate System:
In this system, both time and product are taken into consideration. The minimum weekly wages are fixed for every worker, which are to be paid irrespective of his output during the week, provided he has worked for full working hours required in a week. The wages for the period of his absence are deducted from the total amount of his wages.

Method # 4. BONUS SCHEMES / INCENTIVES:

We have two different palns in this bonus schemes. They are a) individual incentive plans and b) group incentive plans

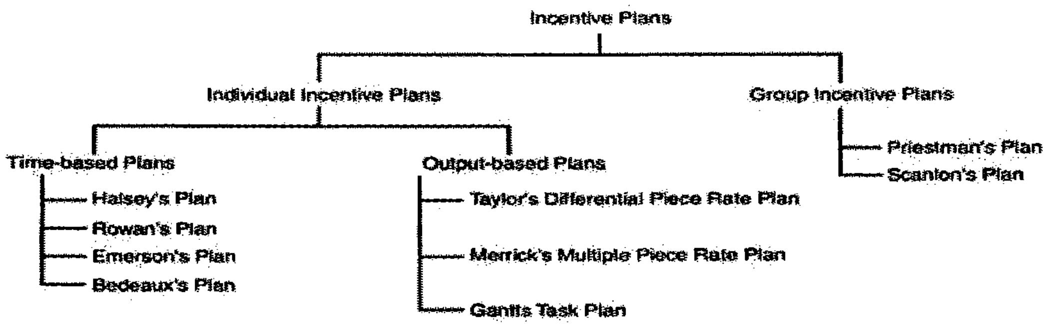


Fig. 12.1. Incentive Plans

Type # 1. Individual Incentive Plans:
Under individual incentive plan, individual employee is paid incentive on the basis of individual performance or output. The employers are liable to pay incentives to those employees who are producing more than the standard output. Individual incentive plans can be either time based or production based.

In case of time based incentive plans, a standard time is determined for doing a job and this standard time served as a basis for giving incentive. A worker is considered as efficient, if he completes his job in less than standard time. The worker is awarded for his efficiency by giving incentive under some incentive plans.

I. Halsey Incentive Plan:
In this method a **standard time** is fixed and compare with **actual time** for the completion of the job. A minimum base-wage is guaranteed to every worker. If a worker completes his job in just the standard time, he will not be given any incentive. If a worker performs his job in less than standard time, he is given incentive. The incentive will be equal to 50% of the time saved by the worker.

II. Rowan Plan:
This plan is **quite similar to Halsey plan**. It differs only in terms of calculation of incentive for **time saved**. The worker gets the guaranteed minimum wages. The incentive for completing the job in time lesser than standard time is paid on the basis of a ratio, which is time saved over standard time per unit standard time.

III. Emerson's Efficiency Plan:
In this plan, a minimum wage is guaranteed to every worker on time basis and incentive is given on the **basis of efficiency**. Efficiency is determined by the ratio of time taken to standard time. Payment of bonus/incentive is related to efficiency of the workers. Incentive will be given to those workers who attains more than 2/3rd i.e. 66.67% of efficiency. No incentive will be given at 66.67% efficiency. At 100% efficiency incentive is 20% of the hourly rate. For efficiency exceeding 100%, 1% incentive/bonus is paid for every 1% increase in efficiency.

IV. Bedeaux Point Plan:
Bedeaux system also called units or point system also **guarantees a minimum base wage**. Under this plan, the standard time and time taken for each job is reduced to minutes. Each minute is referred to, as 'B' i.e. one hour is the same as **60B's.** The workers who complete the job within standard time are paid at a normal time rate. Those who complete the job in less time are paid bonus. The bonus paid to the worker is 75% of the wages for time saved. The time saved is divided between workers and management.

Output-Based Plans:
I. Taylor's Differential Piece Rate System:
II. Merrick's Multiple Piece Rate Plan:

III. Gantt's Task and Bonus Plan:

Type # 2. Group Incentive Plans:
A group incentive plan scheme is designed to promote effective teamwork, as the bonus is dependent on the performance and output of the team as a whole. Under group incentive plan, each employee is paid incentive on the basis of collective performance of his group to which he belongs. Within the group, each employee gets an equal share of the incentive.

I. Priestman's Plan:
In this plan workers are not considered individually but collectively. This system considers the productivity of all workers as a whole. **Bonus is paid in proportion in excess of standard output** per week. If in a year, the output increases either above the standard output or the output of the previous year, the wages are increased in the same ratio.

II. Scanlon's Plan:
A Scanlon plan is a type of gain sharing plan that pays a bonus to employees when they **improve their performance or productivity** by a certain amount as measured against a previously established standard. A typical Scanlon plan includes an employee suggestion program, a committee system, and a formula-based bonus system. A Scanlon plan focuses attention on the variables over which the organization and its employees have some control.

3) Job evaluation – (I) evaluation methods , (II) job analysis.

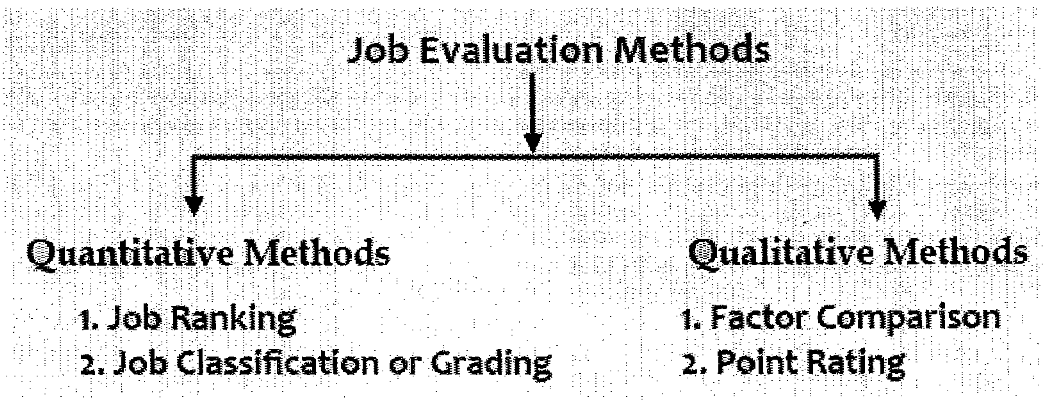
Job evaluation is the process to assess the relative value of a **job** in an organisation by comparing it with other jobs within the organisation and with **job** market outside. It attempts to make a methodical comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure.

A **job evaluation** is a systematic way of determining the value/worth of a job in relation to other jobs in an organization. It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure. Job evaluation needs to be differentiated from job analysis. Job analysis is a systematic way of gathering information about a job. **Every job evaluation method requires at least some basic job analysis in order to provide accurate information about the jobs concerned.** Thus, job evaluation begins with job analysis and ends at that point where the worth of a job is ascertain for achieving pay the wage/salary equity between jobs and different roles.

(I) evaluation methods

For fixing compensation to different jobs, it is essential that there is internal equity and consistency among different job holders. **Job evaluation** is the process of determining the relative worth of different categories of jobs by analyzing their responsibilities and, consequently, fixation of their remuneration. The **basic objective of job evaluation** is to determine the relative contributions that the performance of different jobs makes towards the realization of organisational objectives.

There are four basic **methods of job evaluation**: ranking method, job grading method, point method and factor comparison method. Out of these, first two methods are non-quantitative and also known as traditional, non-analytical or summary methods. The last two **methods of job evaluation** are quantitative, also known as analytical methods, and use various quantitative techniques in evaluating a job.



The basic difference between qualitative and quantitative **methods of job evaluation** is in terms of;

1. Consideration of the job as a whole versus consideration of different components of a job; and
2. Judging and comparing jobs with each other versus assigning numerical scores on a rating scale.

Usually, in practice, a combination of different methods is followed. Based on this concept, some other methods have also been developed.

QUANTITATIVE METHODS

1. Ranking Method

In the **ranking method of job evaluation**, a whole job is compared with others and rank is provided on the basis of this comparison. The usual process followed in this method is as under:

- giving ranks based on performance levels of workers
- Responsibility
- Skills using
- Dependency / not
- Time punctuality
- the reliability of ranking, etc.,
  differences of opinions among the members about the ranking of a particular job

2. Grading Method

Job grading method also known **as job classification** method establishes various grades for different categories or different designations of jobs. For example, jobs of an operative may be classified as unskilled, semi-skilled, skilled and highly-skilled. Compare each designation with same designation with other dept. Different characteristics of each job are matched with description of job class and a job is placed in the class with which it matches best.

QUALITATIVE METHODS

Point Method

Point method of job evaluation is widely used in business organizations. It is an analytical and quantitative method which determines the relative worth of a job on the basis of points alloted to each specific factor of a job. The sum total to these points allotted to various job factors(co-operative, wastage reduction, Skills using, Dependency / not, Time punctuality, etc.,) is the worth of the job. This total is compared with that of other jobs and relative worth of various jobs is determined.

Factor Comparison Method

It was originally developed at the Philadelphia Rapid Transit Company, USA by Eugene J.Benge in 1926 to overcome **two** major problems faced in point method, that are determining the relative **importance of factors** and **describing their degrees** to compare. In this method, each factor of a job is compared with the same factor of the other jobs. For this purpose, Benge identified **five factors** – mental effort, skill, physical effort, responsibility and working conditions to compare with other jobs. The procedure for **factor comparison method of job evaluation – assumptions are** as follows:

1. key jobs which are **well recognized are selected**.
2. These jobs should be from a **cross-section** of departments. (simply, different departments)
3. all levels of wages and salaries which are considered **fair**, both internally as well as externally.
4. **Various factors** of the jobs which are to be considered for comparison,
5. These factors **may be 5 factors** mental requirement. Skills, physical requirement, responsibility and working conditions.
6. Each factor of a job is **compared with the same factor** of the key job and **rank is awarded**.
7. the rank is expressed in **terms of monetary** values and
8. these values are added together to get the **correct wage rate** for the job.

(II) job analysis:
Job Analysis in layman's language means the procedure of gathering information about a job. This process involves two sets of information:

1. Job Description
2. Job Specification

Before going into these two sets let us talk about a few definitions of Job Analysis.

- Job Analysis is a method of collecting and studying about the information related to a particular job. It includes the operations and tasks of a specific job.

- Another meaning of Job analysis is a complete examination of activities in a job. It can be considered a technical procedure that can be used to classify the duties and responsibilities of a job.
- It can also be defined as a group of tasks which can be performed by a lone employee towards the production of some services or products of an organization.

(a). Job Description:

This is a very vital document which is usually explanatory in nature. It consists of both organizational as well as functional information. It provides information as to the scope of activities, position of the job and the responsibilities. It gives the employees a very clear picture of what is required of him to meet the goals of his job.

→ **Job classification**: This includes title of the job, alternate title if any, job code, division or department etc. The title of the job designates the job properly and division or department indicates which department and location does the employee work.
→ **Job Summary**: It serves two purposes here; one is that when the Job Title is not sufficient it gives additional information on the job. Secondly it gives more descriptive information about the particular job.
→ **Duties and Responsibilities:** This lists out the entire duties and responsibilities of a particular job. Sometimes duties and responsibilities are also listed for particular skills and their incidence of occurrence.
→ **Relation to other jobs:** This gives the employees a fair amount of picture as to the hierarchy of the position. Like to whom they are reporting: senior, junior, etc.

(b). Job Specification:

Job Specification converts the job description to qualifications that are required for, in performing the job. This is usually a statement which consists of qualification, characteristics, traits etc, for an employee to possess to perform his duties. The first thing here is to prepare a directory of all jobs and then the next step is to make a write up of each and every job.

→ **Physical Qualifications**: These qualifications or specifications vary from job to job. Physical Qualifications are nothing but the capabilities of employees. These include height, weight, hearing, vision, capacity to handle machines etc.
→ **Mental Qualifications:** This includes the ability to interpret data, calculations, planning, general knowledge, judgement, memory etc.
→ **Social and Emotional specifications**: This is vital for the role of Managers and Supervisors. It includes emotional constancy and elasticity. It also includes the way they dress, personality and relationship.
→ **Behavioral Qualifications:** This qualification is very important in selecting employees for higher levels of management. This specification asks to depict the acts of the managers rather than traits which cause those acts. This includes creativity, research, maturity level, dominance etc.

Methods of Job Analysis

1. **Observation Method**: In this method the job analyst **observes the employees work and records all the tasks that are** performed and also those that are not performed. This may seem to be an easy method of job analysis, but it is the most difficult one. The main reason being that **every person has a different way of observing things**, which might involve personal bias, likes and dislikes which will not give the desired results.

2. **Interview Method**: In this method the **manpower is interviewed**. The employee under this method comes up **with different ideas towards their working style, problems faced by them and uncertainties or insecurities** faced by them. It helps the organization in knowing exactly what the employees are thinking about their jobs.

3. **Questionnaire Method**: This is another common method of Job Analysis, which uses a **questionnaire to be filled by the employees**. Care should be taken while framing questions for this, because this method also suffers from bias by the superiors. It is always better if the staff is communicated in a better way to make them understand that the data collected is for their own good. Here **different types of questionnaires are prepared for different grades** which is also time consuming.

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4) Merit rating / performance appraisal methods

Meaning of Performance Appraisals

Performance Appraisals is the assessment of individual's performance in a systematic way. It is a developmental tool used for all round development of the employee and the organization. The performance is measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility and health.

Each method of performance appraisal has its strengths and weaknesses may be suitable for one organisation and non-suitable for another one. As such, there is no single appraisal method accepted and used by all organisations to measure their employees' performance.

DEFINITIONS:

"It is a systematic evaluation of an individual with respect to performance on the job and individual's potential for development."

Definition 2: Formal System, Reasons and Measures of future performance - "It is formal, structured system of measuring, evaluating job related behaviors and outcomes to discover reasons of performance and how to perform effectively in future so that employee, organization and society all benefits."

The various methods included in each of the two categories are listed in Table 28.4.

Table 28.4 : Methods of Performance Appraisal

Traditional Methods	*Modern Methods*
1. Ranking method	1. Management by Objectives (MBO)
2. Paired comparison	2. Behaviourally anchored rating scales
3. Grading	3. Assessment centres
4. Forced distribution method	4. 360-degree appraisal
5. Forced choice method	5. Cost accounting method
6. Checklist method	
7. Critical incidents method	
8. Graphic scale method	
9. Essay method	
10. Field review method	
11. Confidential report	

TRADITIONAL METHODS:

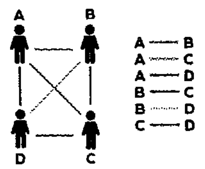
1)Ranking

Ranking is one of the simplest methods of performance appraisal. Under this method, employees are ranked from the best to the worst according to their performance level. The best performing employees are ranked #1 and the least performing one is ranked the last. Based on these rankings, the companies may take any actions, from promotion to termination.

2)Paired comparison

Under this method, the pairs of employees of same job post or level are formed, following which they are evaluated on the basis of performance of each other. Subjects like skills, experience, team player, behavior, etc. are evaluated by the raters and picks the best performing employee.

Paired Comparison

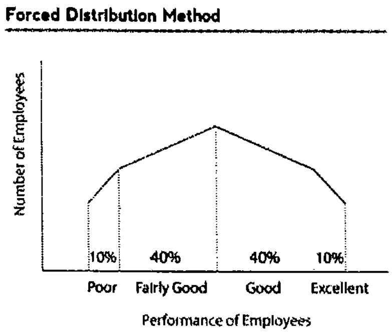


3)Grading Method:

In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: **outstanding, satisfactory and unsatisfactory.** There can be more than three grades. Employee performance is compared with grade definitions.

4)Forced distribution method

Employers or raters are found to have tendency to rate their employees near average or above average performing categories. In around late 90s, Tiffen introduced a new method of performance appraisal call forced distribution, in an attempt to eliminate the flaws of the raters. The categories can be poor, average, good and excellent or percentile based like 10% poor, 40% fairly good, 40% good and 10% excellent.



5)Forced choice method

Forced choice method of performance appraisal was introduced by J.P. Guilford. It is one of the most systematic and reliable approach to evaluate employees accurately. Under this approach, **the HR manager, at first, prepares a set of positive as well as negative statements. The statements are then forwarded to the rater, following which the rater indicates which of the given statements suits the employee.** Once the rater finishes evaluating all employees, the report is sent to the HR manager for final assessment.

Positive statements

- Communicates well with superiors.
- Plays active role in meetings and other office events.

Negative statements

- Consistently over-promises and under-delivers.
- Isn't punctual, often comes late to the office.

6)Checklist

Checklist method is another of the easiest methods of appraising employee's performance. Under this method, a checklist is prepared by the HR manager and is forwarded to the rater. The checklist may include list of questions (depicting behavior and job performance of employee) and the rater has to answer them in just 'YES' or 'NO' form.

CHECKLIST METHOD

1. Is regular on the job?	☐ Yes	☐ No
2. Does maintain discipline well?	☐ Yes	☐ No
3. Shows consistent behaviour to all colleagues?	☐ Yes	☐ No
4. Is interested in their job?	☐ Yes	☐ No
5. Keeps making mistakes?	☐ Yes	☐ No
6. Shows favouritism towards particular colleagues?	☐ Yes	☐ No

7)Graphic rating scale method

Graphic rating scale is one of the oldest and commonly used methods of performance appraisal. Under this approach, the employees are evaluated on the basis of various job performance criterions, such that each criterion is categorically divided into poor, fairly poor, fairly good, good and excellent. Also, these criterions carry certain score weight. The rater ticks the category that best describes the employee and finally the score is totaled.

GRAPHIC SCALE RATING

Employee Name ________________

Department ________________

Job Title ________________

Performance Level / Work Dimension	Poor	Fairly Poor	Fairly Good	Good	Excellent
Attendance			✔		
Behavior towards Subordinates			✔		
Sincerity				✔	
Dependability					✔

8)Critical incident method

Generally, all employees perform alike during normal situations but there are very few who can maintain their performance during unfavorable time as well. Critical incident method is used to evaluate the ability of employees to work during such situation.

Under this method, the rater keeps record of effective as well as ineffective behaviors of individual employee at the workplace.Such appraisal is conducted periodically. And at the end of every assessment, the HR manager or some experts evaluate the behavior and score them, depending upon which the best scoring employees and poor scoring employees are identified.

9)Essay method

It is a traditional and judgmental approach under which employee is evaluated and a descriptive essay is written on him/her. The essay describes in detail about the strengths, weaknesses, potential, nature, etc. Essay method helps in collecting a lot of information about the employees as the evaluators are not confined to appraise the employees in rigidly defined criteria. The process is unrestricted and flexible, permitting the employers to emphasize on any issues or traits that they feel relevant.

10)Field review method

Field review method of performance appraisal is conducted **by the rater who does not belong to the employees' department.** The rater is someone from the corporate, especially from HR department.

Use of this technique to evaluate employees' performance is helpful in completely eliminating issues that arise due to rater's biasedness. However, this method is not widely used because of the drawbacks. They are

- The rater is not familiar with employees, making it impossible for him to observe their actual behavior.
- The rater might feel aggrieved in cases when employees try to clarify any matter.

11)Confidential report

Confidential report is the method of evaluating employee's performance and taking necessary actions without giving any feedbacks to the employees. Confidential report should only be viewed by authorized personnel. Therefore, it is not send openly but in sealed envelope. Generally, such method of performance appraisal is conducted yearly and employees are appraised on the following traits:

- Attendance
- Team work
- Dependability
- Leadership
- Behavior with superior, colleagues and junior workers

- Discipline
- Integrity and honesty
- Quality and quantity of output, etc.

MODERN METHODS :

1)Management by objectives (MBO)

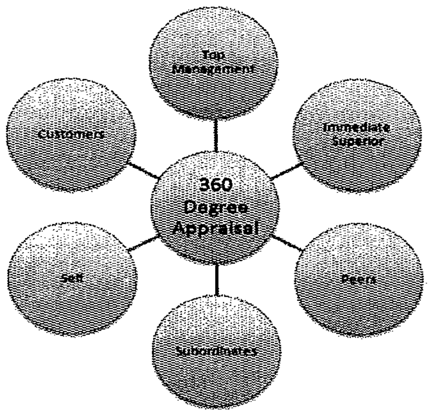
MBO is employer-employee driven approach of performance appraisal which involves superior and subordinates in setting goals. The employees work upon achieving their set goals and employers keep a record of how close they are to accomplishment of the goals. This way, employees become clear about which path to walk on to get the goals, subsequently increasing and improving his performance level.

2)Behaviorally anchored rating scales (BARS)

Behaviorally anchored rating scales (BARS) is the **combination of critical incident and rating scale methods** of performance appraisal. Under this method, the scale points are defined by critical (effective or ineffective) behaviors of the employee. BARS usually consists of scale ranging **from 5 to 9 points,** each representing continuum of statements that describes behavior of employees ranging from unacceptable to most effective.

3)360-degree appraisal

360-degree appraisal is a modern technique to evaluate employee's performance which was developed in the early 90s in the U.S.A. Under this method, an employee's job performance is appraised by the help of the factors that are present around him at the workplace. Such factors may be superiors, colleagues, subordinates and even clients, customer or spouse. An evaluator asks various questions to these factors and collects their feedback. The gathered information is then assembled through computerized system and individual reports are prepared.



4)Cost accounting method

Cost accounting method of performance appraisal is the process of evaluating monetary benefits yield to the organization from the job performance of an employee. In other words, this method is used to analyze the cost of keeping the employee and the benefits the company derives from his/her presence and / or absence. There are some major points which are considered while evaluating employee under this approach. They are:

- Average value of unit cost of production of goods and services
- Quality of the goods and services produced
- Overhead cost incurred (lighting, electricity, equipment, etc.)
- Extra-expenses (accident, error, damage, wear and tear of tools and equipment)
- Relationship with customers and clients
- Cost of the time spent by the supervisor in appraising the employee

5)Marketing functions

Introduction to Marketing: refers to activities undertaken by a company to promote the buying or selling of a product or service. Marketing includes advertising, selling, and delivering products to consumers or other businesses. Marketing is the study and management of exchange relationships.[1][2] Marketing is the business process of creating relationships with and satisfying customers. With its focus on the customer, marketing is one of the premier components of business management

The management process through which goods and services move from concept to the customer. It includes the coordination of four elements called **the 4 P's of marketing**:
(1) identification, selection and development of a product,

(2) determination of its price,

(3) selection of a distribution channel to reach the customer's place, and

(4) development and implementation of a promotional strategy.

Definitions:

- Marketing is defined by **the American Marketing Association** as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.
- From **a sales process engineering** perspective, marketing is "a set of processes that are interconnected and interdependent with other functions" of a business aimed at achieving customer interest and satisfaction"
- **Philip Kotler** defines marketing as "Satisfying needs and wants through an exchange process".
- **The Chartered Institute of Marketing** defines marketing as "the management process responsible for identifying, anticipating and satisfying customer requirements profitably".
- A similar concept is the **value-based marketing** which states the role of marketing to contribute to increasing shareholder value.

MARKETING FUNCTIONS:

1. Identify Consumer Needs

One of the first steps the company needs to take is to identify the needs and wants of the consumers in the market. To do so they must gather information and analyse this information. Once you understand your customer thoroughly you can base your product design on this information.

2. Gathering and Analyzing Market Information:
The most important function of a marketer is to gather and analyze the market information. Marketer tries to understand what do customers want to buy and when, in what quantity and at what price etc.? He also tries to understand the motive behind this purchase i.e. whether the customer is buying the product as a necessity or for style. On the basis of all this information and analysis, the product is designed. Labelled, branded, packed, promoted etc.

3. Marketing Planning:
It involves making plans for increasing production and sales, promotion of product etc. and also laying down a course of action for achieving these objectives. For example, if a product has become popular in Punjab, the target of an organization should be to make it popular in rest of North India first, followed by remaining states. For this, proper plans are to be made.

4. Product Designing and Development:
Another important function of marketing involves product designing and development. Product designing includes decision related to the quality standards to be used for shape or design of the product, packing, etc in order to make the product attractive to the target customers and better than the competitors' product. For example, product designing for a color television includes shape, size, quality standard, technology etc.

5. Standardization and Grading:
Standardization is a process of producing goods of predetermined standards so as to achieve the uniformity and consistency in products. This assures the buyers of the quality, price and packaging of the product. **Grading** refers to a process of classifying products into different groups on the basis of their features like size, shape quality etc. It is mainly done in case of agricultural products like wheat, rice, potatoes etc.

6. Packaging and Labelling:
Packaging means designing the package for the product while labelling is concerned with putting label on the package. Packaging and labelling have been recognized as pillars of marketing. They not only provide protection to the product but also act as a promotional tool. Sometimes, the customers assess the quality of the product from its packaging. Packaging has played an important role in the success of many consumer brands like Colgate tooth paste, Taj Mahal tea. Lays potato wafers etc.

7. Branding:
Branding is a process of giving a brand name to a product to differentiate it from competitor's products, in building customers' loyalty and in promoting the product. The most important decision under this strategy is whether to give a separate brand name or same brand to all products of a business firm. For example, (i) LG television, A.C and washing machines (ii) Philips bulbs, tubes and television, A.C and washing machines.

8. Customer Support Services:
The key to marketing success is the satisfaction of the customer. Therefore, an important function of marketing i.e. to provide various customer support services like after sales service, procuring credit services, handling customer complaints, consumer information etc. These services help in getting, keeping and growing the number of customers.

9. Pricing of Products:
The amount of money which a customer is required to pay for purchasing the product is known as product price. Pricing has a great effect on the demand for a product. A little variation in price may increase the demand for competitor's product. Thus, while determining the price for a product, various factors like, types of customers, their income, firm's objective, product demand, and competitors' policy etc should be considered.

10. Promotion:
Promotion of product and services refers to providing information to the customers about the firm's products, their features, uses, prices etc and persuading them to buy these products. Advertising, Personal selling. Publicity and Sales Promotion are the main tools of promotion. A marketer has to decide about the promotion budget, promotion mix (i.e. combination of promotional tools) etc.

11. Physical distribution:
Another important function to be performed by marketer is the physical distribution of goods and services. The important decision areas under this involve selection of channel of distribution, transportation, inventory levels, storage and warehousing.

12. Transportation:
Transportation means physical movement of goods from the place of production to the place of consumption. For example, Maruti cars are produced at Gurgaon but are available all over the country. Not only the finished goods are to be transported but also the raw material needs to be transported. A business firm analyses its transportation needs on the basis of factors like nature of the product, cost, location of the target market etc. and then take decisions regarding mode of transportation and other related aspects.

13. Storage or Warehousing:
There is a time gap between production and consumption of goods. Thus it is an important function of marketing to provide for proper storage of such goods until they are demanded. For example, apples are produced in winter are stored in cold storages and sold even in summer.

6)Product life cycle (1. life cycle, 2. Strategies)

1. life cycle : The **product life cycle** is an important concept in marketing. It explain the stages a product goes through from when it was first thought of until it finally is removed from the market. Not all products reach this final stage. Some continue to grow and others rise and fall.

The concept of product life cycle (PLC) concerns the life of a product in the market with respect to business/commercial costs and sales measures. The product life cycle proceeds through multiple phases, involves many professional disciplines, and requires many skills, tools and processes. PLC management makes the following **three assumptions:**

- Products have a limited life and thus every product has a life cycle.
- Product sales pass through distinct stages, each posing different challenges, opportunities, and problems to the seller.
- Products require different marketing, financing, manufacturing, purchasing, and human resource strategies in each life cycle stage.

Product Life Cycle Stages Explained

The product life **cycle has 4 very clearly defined stages**, each with its own characteristics that mean different things for business that are trying to manage the life cycle of their particular products.

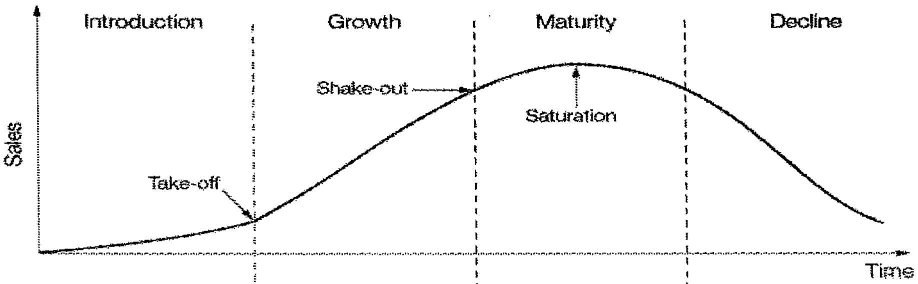
Introduction Stage – This stage of the cycle could be the most expensive for a company launching a new product. The size of the market for the product is small, which means sales are low, although they will be increasing. On the other hand, the cost of things like research and development, consumer testing, and the marketing needed to launch the product can be very high, especially if it's a competitive sector.

Growth Stage – The growth stage is typically characterized by a strong growth in sales and profits, and because the company can start to benefit from economies of scale in production, the profit margins, as well as the overall amount of profit, will increase. This makes it possible for businesses to invest more money in the promotional activity to maximize the potential of this growth stage.

Maturity Stage – During the maturity stage, the product is established and the aim for the manufacturer is now to maintain the market share they have built up. This is probably the most competitive time for most products and businesses need to invest wisely in any marketing they undertake. They also need to consider any product modifications or improvements to the production process which might give them a competitive advantage.

Decline Stage – Eventually, the market for a product will start to shrink, and this is what's known as the decline stage. This shrinkage could be due to the market becoming saturated (i.e. all the customers who will buy the product have already purchased it), or because the consumers are switching to a different type of product. While this decline may be inevitable, it may still be possible for companies to make some profit by switching to less-expensive production methods and cheaper markets.

The 4 Life Cycle Stages and their Marketing Implications



Introduction	Growth	Maturity	Decline
• Low sales • High cost per customer • Financial losses • Innovative customers • Few (if any) competitors	• Increasing sales • Cost per customer falls • Profits rise • Increasing No. of customers • More competitors	• Peak sales • Cost per customer lowest • Profits high • Mass market • Stable number of competitors	• Falling sales • Cost per customer low • Profits fall • Customer base contracts • Number of competitors fall

Essentially, each stage in the product life cycle is a function of two things – **Time on the X-axis**, and **Sales on the Y-axis**.

2.Product life cycle – strategies (plans, policies, approaches etc.,)

The **product life cycle** contains four distinct stages: introduction, growth, maturity and decline. Each stage is associated with changes in the product's marketing position. You can use various marketing strategies in each stage to try to prolong the life cycle of your products.

Product introduction strategies

Marketing strategies used in **introduction stages** include:

- rapid skimming - launching the product at a high price and high promotional level
- slow skimming - launching the product at a high price and low promotional level
- rapid penetration - launching the product at a low price with significant promotion
- slow penetration - launching the product at a low price and minimal promotion

During the introduction stage, **should aim to:**

- establish a clear brand identity
- connect with the right partners to promote your product
- set up consumer tests, or provide samples or trials to key target markets

Product growth strategies

Marketing strategies used in the **growth stage mainly aim** to increase profits. Some of the common strategies to try are:

- improving product quality
- adding new product features or support services to grow your market share
- enter new markets segments
- keep pricing as high as is reasonable to keep demand and profits high
- increase distribution channels to cope with growing demand
- shifting marketing messages from product awareness to product preference
- skimming product prices if your profits are too low. Growth stage is when you should see rapidly rising sales, profits and your market share. Your strategies should seek to maximise these opportunities.

Product maturity strategies

- market modification - this includes entering new market segments, redefining target markets, winning over competitor's customers, converting non-users
- product modification - for example, adjusting or improving your product's features, quality, pricing and differentiating it from other products in the marking.

Product decline strategies

- declining sales and profits. This can be caused by changes in consumer preferences, technological advances and alternatives on the market. At this stage, you will have to decide what strategies to take.

- reduce your promotional expenditure on the products
- reduce the number of distribution outlets that sell them
- implement price cuts to get the customers to buy the product
- fin another use for the product
- maintain the product and wait for competitors to withdraw from the market first
- harvest the product or service before discontinuing it
- Another option is for your business to discontinue the product from your offering.

7) Channels of distribution / channel management – 3 sub questions are - (1) functions of it, (2) types of it, and (3) factors of it.

A **distribution channel** represents a chain of businesses or intermediaries through which the final buyer purchases a good or service. **Distribution channels** include wholesalers, retailers, distributors, and the Internet. In a direct **distribution channel**, the manufacturer sells directly to the consumer.

Distribution channels are part of the **downstream process**, answering the question "How do we get our product to the consumer?" This is in contrast to the **upstream process**, also known as the supply chain, which answers the question "Who are our suppliers?"

The goods are produced at one place but the customers are spread over a wide geographical area. Thus, it is very difficult for a producer to distribute his products all over the country. Therefore, he takes the help of some intermediaries to distribute his goods. **For example**, Maruti cars are manufactured at **Gurgaon** (Gurugram, is a city located in the northern Indian state of Haryana.) but are available all over the country with the help of intermediaries.

Philips Kotler defines channel of distribution as "a set of independent organisations involved in the process of making a product or service available for use or consumption".

Channels of distribution bring economy of effort. They help **to cover a vast geographical area** and also bring efficiency in distribution **including transportation and warehousing.** Retailers, Wholesalers are the common channels of distribution. Channels of distribution **provide convenience to customer, who can get various items at one store.** If there were no channels of distribution, customer would have faced a lot of difficulties.

(1) Functions of Distribution Channels:

- Distribution channels provide time, place, and ownership utility. They make the product available when, where, and in which quantities the customer wants. But other than these **transactional functions,** marketing channels are also responsible to carry out the following functions:
- **Logistics and Physical Distribution:** Marketing channels are responsible for assembly, storage, sorting, and transportation of goods from manufacturers to customers.
- **Facilitation:** Channels of distribution even provide pre-sale and post-purchase services like financing, maintenance, information dissemination and channel coordination.
- **Creating Efficiencies:** This is done in two ways: *bulk breaking* and *creating assortments*. Wholesalers and retailers purchase large quantities of goods from manufacturers but break the bulk by selling few at a time to many other channels or customers. They also offer different types of products at a single place which is a huge benefit to customers as they don't have to visit different retailers for different products.
- **Sharing Risks:** Since most of the channels buy the products beforehand, they also share the risk with the manufacturers and do everything possible to sell it.
- **Marketing:** Distribution channels are also called marketing channels because they are among the core touch points where many marketing strategies are executed. They are in direct contact with the end customers and help the manufacturers in propagating the brand message and product benefits and other benefits to the customers.

- **Sorting:** Middlemen obtain the supplies of goods from various suppliers and sort them out into similar groups on the basis of size, quality etc.
- **Accumulation:** In order to ensure a continuous supply of goods, middlemen maintain a large volume of stock.
- **Allocation:** It involves packing of the sorted goods into small marketable lots like 1Kg, 500 gms, 250 gms etc.
- **Assorting:** Middlemen obtain a variety of goods from different manufacturers and provide them to the customers in the combination desired by them. For example, rice from Dehradun & Punjab.
- **Product Promotion:** Sales promotional activities are mostly performed by the producer but sometimes middlemen also participate in these activities like special displays, discounts etc.
- **Negotiation:** Middlemen negotiate the price, quality, guarantee and other related matters about a product with the producer as well as customer.
- **Risk Taking:** Middlemen have to bear the risk of distribution like risk from damage or spoilage of goods etc. when the goods are transported from one place to another or when they are stored in the god-owns.

(2) Types of Distribution Channels:

Broadly, Channel of distribution is of two types viz., (1) Direct Channel (2) Indirect Channel.

1. Direct Channel or Zero Level Channels:
When the producer or the manufacturer directly sells the goods to the customers without involving any middlemen, it is known as direct channel or zero level channel. It is the simplest and the shortest mode of distribution. Selling through post, internet or door to door selling etc. are the examples of this channel. For example, Mc Donalds, Bata, Mail order etc.

Methods of Direct Channel are:
(a) Door to door selling

(b) Internet selling

(c) Mail order selling

(d) Company owned retail outlets

(e) Telemarketing

2. Indirect Channels:
When a manufacturer or a producer employs one or more middlemen to distribute goods, it is known as indirect channel.

Following are the main forms of indirect channels:

(a) Manufacturer-Retailer-Consumer (One Level Channel):
This channel involves the use of one middleman i.e. retailer who in turn sells them to the ultimate customers. It is usually adopted for speciality goods. For example Tata sells its cars through company approved retailers.

Manufacturer→ Retailer→ Consumer
(b) Manufacturer-Wholesaler-Retailer-Customer (Two level channels):
Under this channel, wholesaler and retailer act as a link between the manufacturer and the customer. This is the most commonly used channel for distributing goods like soap, rice, wheat, clothes etc.

Manufacturer→ Wholesaler→ Retailer→ Customer
(c) Manufacturer-Agent-Wholesaler-Retailer-Consumer (Three level channels):
This level comprises of three middlemen i.e. agent, wholesaler and the retailer. The manufacturers supply the goods to their agents who in turn supply them to wholesalers and retailers. This level is usually used when a manufacturer deal in limited products and yet wants to cover a wide market.

(3) Factors Determining Choice of Channels of Distribution: (Following are the main factors which help in determining the channels of distribution):

1. Product Related Factors:
(a) Nature of Product:
In case of industrial goods like CT scan machine, short channels like zero level channel or first level channel should be preferred because they are usually technical, expensive, made to order and purchased by few buyers. Consumer goods lke LCD, refrigerator can be distributed through long channels as they are less expensive, not technical and frequently purchased.

(b) Perishable and Non- Perishable Products:
Perishable products like fruits or vegetables are distributed through short channels while non perishable products like soaps, oils, sugar, salt etc. require longer channels.

(c) Value of Product:

In case of products having low unit value such as groceries, long channels are preferred while those with high unit value such as diamond jewellery short channels are used.

(d) Product Complexity:
Short channels are preferred for technically complex goods like industrial or engineering products like machinery, generators like torches while non complex or simple ones can be distributed through long channels.

2. Company Characteristics:
(a) Financial Strength:
The companies having huge funds at their disposal go for direct distribution. Those without such funds go for indirect channels.

(b) Control:
Short channels are used if management wants greater control on the channel members otherwise a company can go in for longer channels.

3. Competitive Factors:
Policies and channels selected by the competitors also affect the choice of channels. A company has to decide whether to adopt the same channel as that of its competitor or choose another one. For example, if Nokia has selected a particular channel say Big Bazaars for sale of their hand sets, other firms like Samsung and LG have also selected similar channels.

4. Market Factors:
(a) Size of Market:
If the number of customers is small like in case of industrial goods, short channels are preferred while if the number of customers is high as in case of convenience goods, long channels are used.

(b) Geographical Concentration:
Generally, long channels are used if the consumers are widely spread while if they are concentrated in a small place, short channels can be used.

(c) Quantity Purchased:
Long channels are used in case the size of order is small while in case of large orders, direct channel may be used.

5. Environmental Factor:
Economic factors such as economic conditions and legal regulations also play a vital role in selecting channels of distribution. For example, in a depressed economy, generally shorter channels are selected for distribution.

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8) Operationlizing change through performance management

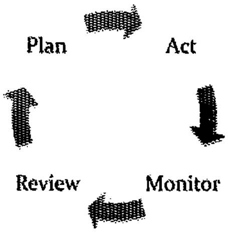
Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management is a whole work system that begins when a job is defined as needed. It ends when an employee leaves your organization.

Performance management (PM) is a set of activities that ensure goals are met in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, an employee, or the processes in place to manage particular tasks. Performance management standards are generally organized and disseminated by senior leadership at an organization, and by task owners.

Performance management is a much broader and a complicated function of HR, as it encompasses activities such as joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programmes and rewarding achievements.

*Capgemini's **definition:** "PM is a structured approach to enhance the ability of companies and its employees to deliver on strategic objectives"*

It is a **systematic assessment of the performance of an employee** and using the assessment to better the performance over time. *Performance Management Cycle as follows:*



Performance management is commonly misconstrued with **performance appraisal**, which is a process of evaluating the performance of the workforce and includes **feedback/review** on an employee job performance.

The term performance management gained its popularity in early 1980's when total quality management programs received utmost importance for achievement of superior standards and quality performance. Tools such as job design, leadership development, training and reward system received an equal impetus along with the traditional performance appraisal process in the new comprehensive and a much wider framework. Performance management is an ongoing communication process which is carried between the supervisors and the employees through out the year. The process is very much cyclical and continuous in nature.

A **performance management system includes the following <u>actions/functions</u>**.

- Developing clear job descriptions and employee performance plans which includes the key result areas (KRA') and performance indicators.
- Selection of right set of people by implementing an appropriate selection process.
- Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks.
- Providing continuous coaching and feedback during the period of delivery of performance.
- Identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programs for improvement.
- Holding quarterly performance development discussions and evaluating employee performance on the basis of performance plans.
- Designing effective compensation and reward systems for recognizing those employees who excel in their jobs by achieving the set standards in accordance with the performance plans or rather exceed the performance benchmarks.
- Providing promotional/career development support and guidance to the employees.
- Performing exit interviews for understanding the cause of employee discontentment and thereafter exit from an organization.

<u>5 key components</u> of successful PM

Leadership and Governance:
One of the top drivers for PM is implementing strategy, while respondents indicate that the management team can improve in inspiring the organization and provide a clear vision. Companies that invest in communication and have engagement from the management team, achieve greater success in engaging the organization in implementing strategy.

Priorities and Measures:
There is an increased focus on risk management and its effects on performance. Many companies are struggling with the integration, but companies that have succeeded reports increased margins compared to their competitors. Companies struggle with cascading KPIs further down from the corporate level. A lack of cascading can result in unclear and faulty priorities and a PM framework that fails to set directions throughout the organization.

Information and Insight

The study reveals that respondents experience limited access to critical information. The information presented lacks focus and does not reflect key business drivers. Respondents express that they can improve their decision-making process from ambition to action.

Processes and Systems
Capgemini experience that companies have invested in one or several BI/PM systems, but often the problem is not the system itself but how it is used. To achieve the expected business benefits, BI/PM investments need to be aligned with the overall strategy, and top management needs to be in the front seat related to implementation and establishing a performance culture.

Capabilities and Culture
Information and knowledge sharing is something all strive for and find difficult to succeed at. The study shows that companies invest in governance models and IT systems for knowledge sharing, but still struggle. As people are strong drivers of information and knowledge sharing, hence important to create and foster a culture of collaboration and teamwork.

Benefits of Performance Management

1. It supports to provide data to find the skills and knowledge gaps of employees in order to improvise them through trainings, coaching and mentoring systems.
2. It motivates employees to take new challenges and innovate through structure process.
3. It provides new opportunities to employees for their growth and development in their professional careers
4. It defuses the grievances and conflicts among team members through proper performance evaluation system.
5. It assesses the employee's performance fairly and accurately against the performance targets and standards.
6. Employees would enable to provide better results because of clarity on their performance targets.
7. Performance management system provides the platform to discuss, develop and design the individual and department goals thorough discussion among manager and their subordinates.
8. The under performer can be identified through performance reviews and can raise their skills levels objectively. It quantifies the learning needs through individual development plans or performance improvement plans as well.

- Increased strategic goal achievement
- Create a performance culture
- Improvements in risk management
- Increased sales and customer satisfaction
- Effective profitability analysis, predictive analysis and management reporting
- Increased focus on efficiency and reducing cost
- Robust foundation for decision making and planning

-The end-