

SULTAN CHAND & SONS

Performance Management

Dr. Sushma Sharma

Associate Professor Faculty of Management and Commerce University School of Management Studies SRM University Sonipat

Dr. Shitika

Assistant Professor Guru Gobind Singh Indraprastha University



Educational Publishers New Delhi

SULTAN CHAND & SONS®

Educational Publishers

23, Daryaganj, New Delhi-110002

Phones : 011-23281876, 23266105, 41625022 (Showroom & Shop)

011-23247051, 40234454 (Office)

E-mail : sultanchand74@yahoo.com; info@sultanchandandsons.com Fax : 011-23266357; Website : www.sultanchandandsons.com

First Edition: 2025

ISBN: 978-93-91820-88-6 (TC-1314)

Price: ₹ 295.00



EVERY GENUINE COPY OF THIS BOOK HAS A HOLOGRAM

In our endeavour to protect you against counterfeit/fake books, we have pasted a copper hologram over the cover of this book. The hologram displays the full visual image, unique 3D multi-level, multi-colour effects of our logo from different angles when tilted or properly illuminated under a single light source, such as 3D depth effect, kinetic effect, pearl effect, gradient effect, trailing effect, emboss effect, glitter effect, randomly sparking tiny dots, micro text, laser numbering, etc.

 $\label{lem:Afake hologram does not display all these \it effects.$

Always ask the bookseller to put his stamp on the first page of this book.

All Rights Reserved: No part of this book, including its style and presentation, may be reproduced, stored in a retrieval system, or transmitted in any form or by any means–electronic, mechanical, photocopying, recording or otherwise without the prior written consent of the Publishers. Exclusive publication, promotion and distribution rights reserved with the Publishers.

Warning: The doing of an unauthorised act in relation to a copyright work may result in both civil claim for damages and criminal prosecution.

Special Note: Photocopy or Xeroxing of educational books without the written permission of Publishers is illegal and against Copyright Act. Buying and selling of pirated books is a criminal offence. Publication of key to this is strictly prohibited.

General: While every effort has been made to present authentic information and avoid errors, the author and the publishers are not responsible for the consequences of any action taken on the basis of this book.

Limits of Liability/Disclaimer of Warranty: The publisher and the author make no representation or warranties with respect to the accuracy or completeness of the contents of this work and specifically disclaim all warranties, including without limitation warranties of fitness for a particular purpose. No warranty may be created or extended by sales or promotional materials. The advice and strategies contained herein may not be suitable for every situation. This work is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If professional assistance is required, the services of a competent professional person should be sought. Neither the publisher nor the author shall be liable for damage arising herefrom.

Disclaimer: The publisher have taken all care to ensure highest standard of quality as regards typesetting, proofreading, accuracy of textual material, printing and binding. However, they accept no responsibility for any loss occasioned as a result of any misprint or mistake found in this publication.

Author's Acknowledgement: The writing of a Textbook always involves creation of a huge debt towards innumerable author's and publications. We owe our gratitude to all of them. We acknowledge our indebtedness in extensive footnotes throughout the book. If, for any reason, any acknowledgement has been left out we beg to be excused. We assure to carry out correction in the subsequent edition, as and when it is known.

Printed at: AP Offset, Dilshad Garden, Delhi-110095

____P

Preface

The book provides a valuable introduction, explanation and discussion of key areas of performance management offering concepts, ideas, examples and practical perspectives that are beneficial to academicians, students and practitioners specifically those in BBA and MBA programs. The book has been created to offer an insightful introduction to the essential aspects of performance management. This book can be prescribed at SRM University, Guru Gobind Singh Indra Prastha University (GGSIPU), Delhi University and other state and private universities in Delhi-NCR.

Structured into ten comprehensive chapters, each meticulously curated to cover various dimensions of performance management, the book adopts a diverse range of learning approaches. From detailed explanations to critical evaluation, from real-world case studies to text-based analysis, readers will find a collection of tools to develop their understanding and enhance their engagement with the subject matter.

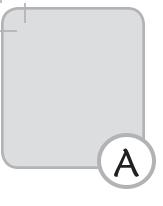
The journey begins with an exploration of the foundational concept of performance management, paving the way for subsequent chapters that explore critical topics such as performance planning, motivation for high performance and the implementation of performance systems. As readers progress through the book, they will encounter in-depth discussions on performance appraisal methodologies, recent trends shaping the landscape of performance management and the ethical and legal considerations inherent in the practice.

Of particular significance is the inclusion of chapters keen on emerging areas such as artificial intelligence-driven performance management, reflecting the evolving nature of the discipline in response to technological advancements and changing organizational dynamics.

Throughout the text, readers will find follow-up questions and key terms strategically scattered to facilitate active learning and retention of essential concepts. Whether used as a core textbook for academic courses or as a practical guide for professionals seeking to enhance their understanding of performance management principles and practices, this book is designed to meet the diverse needs of its audience.

Happy Learning!

Dr. Sushma Sharma Dr. Shitika



Acknowledgement

This book is a homage to the many people who worked together to make it happen, each of them adding something special to the process. Firstly, we want to convey our sincere gratitude to Smt. Bimla Devi, Mr. Surya, and Mr. Sunil Sharma whose understanding and constant support have laid the foundation for all our artistic endeavors. We are grateful for their patience during those late evenings and early mornings.

We are forever obliged to SRM University and GGSIPU for providing the congenial environment to write this book. Special thanks to Prof. (Dr.) V. Samuel Raj, Registrar and Dean Academics at SRM University, Prof. (Dr.) Paramjit S. Jaswal, Vice Chancellor at SRM University Sonipat, and our seniors and colleagues for their significant contributions in incorporating case studies and enriching the content of this book.

We owe a debt of gratitude to our mentor, whose guidance and insights have been invaluable throughout this journey. Your wisdom has shaped this work and our growth as writers.

To our friends, whose support and faith in our skills motivated us to push through doubts: your unshakable belief in this project inspired us to see it through to the end.

We would especially like to express our gratitude to Sultan Chand & Sons, publisher who have painstakingly guided this book from its conception to its release. This book is much better than we could have ever dreamt of because of their professionalism and dedication to quality.

Finally, and most definitely not least, we want to express our sincere gratitude to all the readers who will join us on this literary journey. These words are made possible by your interest and involvement, and it is with deep humility that we present this book to you as a gift. We appreciate your participation in this trip.

Dr. Sushma Sharma Dr. Shitika



Contents

١.	Intro	duction to Performance Management	1-24
		Introduction	3
	1.1	Concept of Performance	4
	1.2	Dimensions of Human Performance	5
	1.3	Meaning and Definition of	
		Performance Management	6
	1.4	Philosophy	6
	1.5	From Performance Appraisal to	
		Performance Management	8
		1.5.1 Performance Management Role Matrix	9
	1.6	Process of Performance Management	10
	1.7	Performance Management Cycle	11
		1.7.1 How to Make the	
		Performance Process Effective?	12
	1.8	Characteristics of Performance Management	13
		Definitions of Performance Management	13
	1.9	Objectives of Performance Management	15
	1.10	Conceptual Model of Performance Management	16
		1.10.1 Steps of Conceptual Model of	
		Performance Management	16
		1.10.2 A Theoretical Model of	
		Performance Management	17
	1.11	Linkage of Performance Management	
		with other HR Practices	18
	1.12	Performance Management in TCS	20
		Summary	21

		Key Te	rms	22
		Self As.	sessment	22
2.	Perfo	rmanc	e Planning and Motivation for	
	Achie	eving H	ligh Performance	25-54
		Introdu	action	26
	2.1	Prepara	ation for Performance Planning	27
	2.2	Charac	teristics of Performance Planning	27
	2.3	Objecti	ives of Performance Planning	28
	2.4	Import	ance of Performance Planning	29
		2.4.1	Thoughtfulness in the	
			Performance Planning Process	30
	2.5	Difficu	lties in Planning	31
	2.6	Strateg	ic Planning Process	33
		2.6.1	Strategic Planning Process of	
			Reliance Industries	34
	2.7		etencies and Skills-based Analysis	35
		2.7.1	Process of Competencies and	
			Skills-based Analysis	36
		2.7.2	Scenario	37
		2.7.3	Companies Using Competencies and Skills-Based Analysis	38
	2.8	Compe	etency Mapping	38
		-	Steps in Competency Mapping Framework	40
	2.9		nance Motivation	40
			Performance Motivation and Business	41
		2.9.2	Performance Motivation and Mega	41
	2.10		erformance	42
		_	Making a High Performer	44
			Motivating Yourself for High Performance	44
			The ABCs of Motivation and	
			High Performance	45
		2.10.4	Motivating Others for High Performance	46
			Reaching the Top and Guaranteeing	
			High Performance	47
		2.10.6	Solutions to Performance Issues	
			Related to Motivation	48
	2 11	The Ta	lent Ontimization Performance System	49

Contents	>	ix

		2.11.1 TOPS Rating Scale	50
		Summary	51
		Key Terms	52
		Self Assessment	52
3.	Perfo	ormance Management System	55-78
		Introduction to Performance Management System	57
		Definitions of Performance Management System	58
		Performance Management Cycle	58
		Purpose of the Performance Management System	61
		Stages of Performance Management	62
		Types of Performance Management Systems	65
	3.6	Implementation of the	
		Performance Management System	67
	3.7	Performance Standards	69
		3.7.1 Implementation of Performance Standards i Aditya Corporation	n 70
	3.8	Key Result Areas in the	
		Performance Management System	71
	3.9	Performance Matrix	73
		3.9.1 Performance Scale	73
	3.10	Effective Performance Management System	74
		Summary	76
		Key Terms	77
		Self Assessment	77
4.		ementation and Assessment of	
	Perfo	ormance Management	79-100
		Implementation of Performance Management	82
	4.2	Bottleneck	83
	4.3	Strategies for Implementation of	
		Performance Management	85
		Operationalisation of Performance Management	86
		Performance Management as a Catalyst for Change	88
		Building and Leading High-Performing Teams	90
	4.7	Approaches to Assessment in	
		Performance Management	93
		Methods of Assessment in Performance Manageme	
	4.9	Performance Analysis of IBM	96

		Summary	97
		Key Terms	97
		Self Assessment	98
5.	Perfo	ormance Appraisal	101-136
		Introduction	102
	5.1	Concept of Performance Appraisal	103
		Importance of Performance Appraisal	105
		Characteristics of Performance Appraisal	106
		5.3.1 Typical Features of Performance Appraisa	1 107
	5.4	Process of Performance Appraisal	108
		1. Establishing Performance Objectives	109
		2. Communicating Performance Standards	109
		3. Collecting Performance Data	109
		4. Measuring Performance	110
		5. Evaluating Performance	110
		6. Providing Appraisal Feedback	110
		7. Developing an Action Plan	111
		8. Follow-up	111
	5.5	Methods of Performance Appraisal	111
		5.5.1 Traditional Methods of	
		Performance Appraisal	113
		5.5.2 Modern Methods of Performance Appraisa	al 125
		5.5.3 Designing Appraisal Forms	131
	5.6	How to Implement the	
		Performance Appraisal Process?	132
		Summary	133
		Key Terms	133
		Self Assessment	134
6.	Perfo	ormance Monitoring	137-168
		Introduction	139
	6.1	Understanding Performance Monitoring	140
	6.2	Defining Performance Analysis	141
	6.3	Performance Equation	142
	6.4	Performance Reviews and Discussions	144
		6.4.1 Importance of Performance Reviews	144
		6.4.2 Advantages of Regular Performance Review	ews 145
		6.4.3 Uses of Performance Discussions	147

Contents > xi

6.5	Objectives of Performance Review	
	Conversations (PRCs)	148
6.6	Prerequisites for Effective	
	Performance Conversations	149
	1. Stated Performance Goals	149
	2. Timely Reaction	149
	3. Data-Driven Assessments	150
	4. Setting Goals	150
	5. Dual Conversation	150
6.7	Best Practices to Conduct	
	Performance Review Discussion	151
6.8	Common Mistakes to Avoid During PRCs	152
6.9	Improving Quality of Performance Ratings	153
	1. Provide Managers with Training	153
	2. Make the Evaluation Process more Uniform	153
	3. Utilise a Variety of Data Sources	153
	4. Put Calibration Sessions into Action	154
	5. Give Coaching and Feedback	154
6.10	Performance Management Documentation	154
6.11	Role of Documentation	156
6.12	Types of Performance Management Documentation	157
6.13	Documenting a Performance Review	158
	1. Follow a Standardized Format	158
	2. Be Flexible	158
	3. Highlight Key Performance Indicators	159
	4. Highlight Achievements	159
	5. Provide Concise Feedback	159
	6. Bring out the Details	159
	7. Summarize the Review	160
	8. Add Supporting Documents	160
	9. Share the Document with the	
	Concerned Employee	160
6.14	Progressive Discipline	161
	6.14.1 Documenting Discipline	162
	6.14.2 Tips for Using Progressive	
	Discipline Effectively	163
6.15	Related Concepts of	
	Performance Analysis and Monitoring	164

		6.15.1 Performance Management Audit	164
		6.15.2 Annual Stock Taking	165
		6.15.3 E-appraisals	165
		Summary	166
		Key Terms	167
		Self Assessment	167
7.	Rece	nt Trends in Performance Management	169-198
		Introduction	171
	7.1	Managing Performance in Challenging Times	171
	7.2	Performance Management Shift	175
	7.3	Performance Incentives in Tough Times	176
	7.4	Recent Trends in Performance Management	179
		7.4.1 Upskilling and Reskilling	180
		7.4.2 Mentoring	182
		7.4.3 People Analytics	185
		7.4.4 Employee Well-being	186
		7.4.5 Coaching and Counselling	188
		7.4.6 Potential Appraisal	190
		7.4.7 Competency Mapping	192
		7.4.8 Performance Related Pay	194
		Summary	196
		Key Terms	197
		Self Assessment	197
8.	Perfo	•	199-220
		Introduction	200
	8.1	Significance of Employee Development	200
		8.1.1 Why Employee Development?	201
		8.1.2 Effective Methods of Employee Developm	
	0.0	8.1.3 Concerns in Employee Development	204
	8.2	Role of HR Professionals in	205
	0.2	Performance Management	
	8.3	Strategies to Implement a Performance System 1. Establish Defined Goals for the	207
		Organisation and Individual Employees	208
		2. Develop Performance Measures	208
		3 Regularly Provide Feedback and Coaching	209

xiii

		4. Establish Performance Review Cycles	209
		5. Implement Performance	
		Improvement Plans (PIPs)	209
		6. Encourage a Recognition and Reward Culture	209
		7. Invest in the Professional Development	209
		8. Leverage Technology	210
		9. Encourage Teamwork and Collaboration	210
		10. Assess and Adjust	210
	8.4	Ethical and Legal Issues in	
		Performance Development	210
		8.4.1 Ethical Issues in Performance Development	211
		8.4.2 Ethical Principles	211
		8.4.3 Legal Issues in Performance Development	212
		1. Illegal Discrimination	213
		2. Adverse Unintentional Discrimination	213
		3. Misrepresentation	214
		4. Defamation	214
		5. Negligence	214
	8.5	Management and Appraisal Practices in	
		Indian Organizations	215
		Summary	219
		Key Terms	219
		Self Assessment	219
9. A	rtifi	icial Intelligence-Driven	
			1-238
		Introduction	222
	9.1	Era of Artificial Intelligence	222
	9.2	Evolution of Performance Management	223
	9.3	The Core Components of	
		AI-driven Performance Management	224
		 Real-time Feedback 	225
		2. Objective Evaluations	225
		3. Customized Development Plans	225
		4. Predictive Analytics	225
	9.4	Benefits of	
		AI-driven Performance Management	225

		 Enhanced Objectivity 	226
		2. Increased Employee Engagement	226
		3. Improved Decision Making	226
		4. Efficiency Gains	227
	9.5	Challenges and Considerations	227
		1. Data Privacy and Security	228
		2. Employee Resistance	229
		3. Ethical Considerations	229
		4. Integration Challenges	229
	9.6	The Future Landscapes	229
	9.7	Application of AI-driven Performance Manageme	nt
		System in Organizations: Tech Innovations Inc.'s	
		AI-Driven Performance Management System	230
		9.7.1 Key Features and Implementation	230
		9.7.2 Benefits	232
	9.8	Measuring Performance Using	
		Artificial Intelligence	232
		9.8.1 Individual Performance Metrics	233
		9.8.2 Team Performance Metrics	233
		9.8.3 Organizational Performance Metrics	234
		9.8.4 Customer Impact Metrics	235
		9.8.5 Ethical and Bias Mitigation Metrics	235
	9.9	Challenges in Measuring Performance	
		with AI	236
		1. Ethical Concerns	236
		2. Algorithmic Bias	236
		3. Interpreting Complex AI Models	236
		4. Integration and Change Management	236
		5. Continuous Adaptation	236
		Summary	236
		Key Terms	237
		Self Assessment	237
10.	Ethic	es and Legal Guidelines in	
		ormance Management	239-256
		Introduction	240
	10.1	Concept, Meaning, and Definitions of Ethics	241
		Essence of Ethics	242

Contents

xv

	10.2.1 The Ideas and Essence of	
	Ethics within Companies	242
10.3	Ethics in the Context of Performance Management	243
10.4	Fundamental Guidelines for	
	Ethical Performance Management	245
10.5	Challenges and Moral Dilemmas Related to Ethics	246
10.6	Developing a Code of Ethics	248
10.7	Ethics and Performance Management in	
	Indian Companies	249
10.8	Ethics in International Context	251
10.9	Employers' and Employees' Rights	252
10.10	Guidelines for an Effective and	
	Legally Sound Performance Management	253
	Summary	254
	Key Terms	254
	Self Assessment	255

B

Brief Contents

S. No.	Chapters	Pages	MCQ	Short Ques.	Long Ques.
1.	Introduction to Performance Management	1-24	5	5	5
2.	Performance Planning and Motivation for Achieving High Performance	25-54	5	5	5
3.	Performance Management System	55-78	5	5	5
4.	Implementation and assessment of Performance Management	79-100	5	5	5
5.	Performance Appraisal	101-136	5	5	5
6.	Performance Monitoring	137-168	5	5	5
7.	Recent Trends in Performance Management	169-198	5	5	5
8.	Performance Management and Development Issues	199-220	5	5	5
9.	Artificial Intelligence-Driven Performance Management	221-238	5	5	4
10.	Ethics and Legal Guidelines in Performance Management	239-256	5	5	5
	Total	256	50	50	49

About the Book

Performance Management: A Contemporary Approach is a thorough guide on the complex and dynamic subject of managing employee performance in organizations. It explores many facets of performance management systems and provides managers, academicians, HR specialists and business leaders with a combination of academic understanding and useful applications for improving organizational performance

Central to the book is emphasising the strategic alignment of performance management processes with organizational goals. Through opening cases and real-life examples, it illustrates how successful performance enhances not only individual and team performance but also propel organizational success. A thorough examination of subjects including goal-setting, performance evaluation, giving feedback and staff development yields practical tactics that readers may use in their

performance and remote work in the workplace. Ultimately, "Performance Management" is an essential resource for anyone committed to fostering a high-performance culture that supports both individual growth and experient

Dr. Sushma Sharma

more than 17 years of experience, including corporate. Dr. Sharma has contributed significantly to academia with more than 25 research papers published in various



Noteworthy among her contributions is a book chapter titled "Innovation in the University 4.0 System based on Smart Technologies," published in Routledge, Taylor & Francis Group, USA and has

Dr. Shitika

at the University School of Management Studies at Guru Gobind Singh Indraprastha University, Delhi. She has a master's degree in management specializing in human resource management. She has strong research experience with a demonstrated history in higher education, specializing in emotional intelligence, spiritual intelligence, and performance management. She is a goal-oriented professional offering nearly 12 years of experience in delivering quality education as an Assistant Professor in Higher Education Institutes. She has designed positive



approaches and proactive interventions that advance learner engagement, academic achievement; cognitive development, and social, behavioral and communication improvements. She has been involved in many predictive and prescriptive analytics projects. She has devised fascinating practices of teaching that create interest in the students and build rapport with students. She is an active academician. Her book chapter "Innovation in the University 4.0 System based on Smart Technologies", which was published by Taylor & Francis Group in the USA and published by Routledge, is noteworthy among her contributions. She has nearly 12 research papers to her credentials in various national and international journals of repute.

Sultan Chand & Sons



011-23281876, 23277843, 23266105 sultanchand74@yahoo.com info@sultanchandandsons.com

ultanchandandsons.com



