SALTO DEE FE
Empower. Enable. Excel

2020

State of Performance Management System in India

Organizational response to address the impact of COVID-19 on PMS

PERFORMANCE MANAGEMENT

ABOUT US

We enable organizations leapfrog to their next phase of growth

Founded on Science Based Simplicity

Salto Dee Fe Consulting (SDF) is a business enabling consulting firm that works at the intersection of Strategy & Execution and Business & Human Resources. We partner with organizations to leapfrog their business to its next phase of growth.

Qualitative-Quantitative Approach

We do this by co-creating bespoke solutions that are scientifically validated and enable organizations to meet their business objectives. With expertise across industries, sectors, and geographies, we partner with you to solve your most important HR challenges.

Practitioner's Experience & Consultant's Expertise

We are exclusive partners of TSG - The Talent Strategy Group (New York). TSG is globally respected for their Thought Leadership in Talent Management based on science-based simplicity. Amongst their clients are multiple Fortune Top 100 companies.
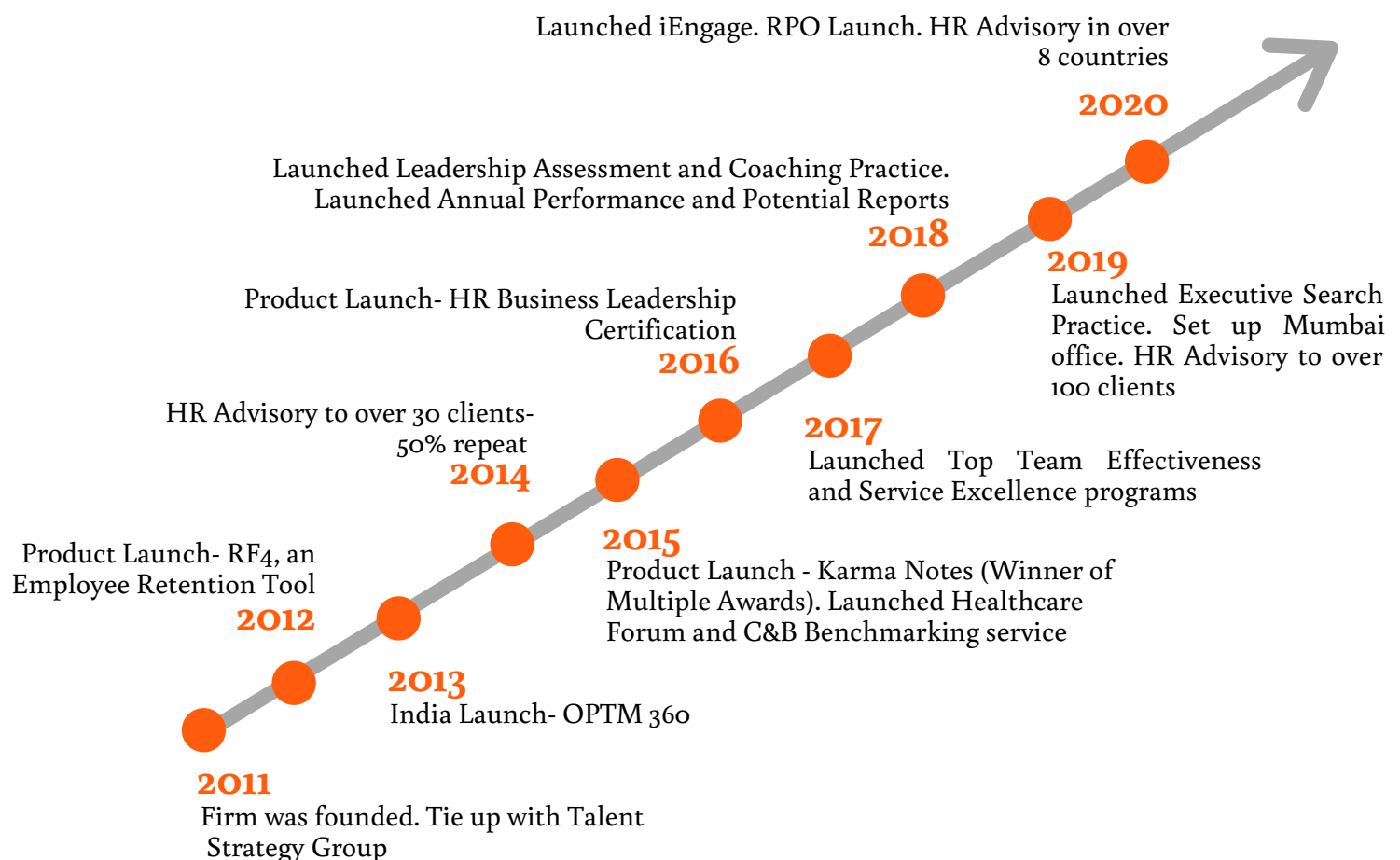
OUR JOURNEY

2011
Firm was founded. Tie up with Talent Strategy Group

2012
Product Launch- RF4, an Employee Retention Tool

2013
India Launch- OPTM 360

2014
HR Advisory to over 30 clients- 50% repeat

2015
Product Launch - Karma Notes (Winner of Multiple Awards). Launched Healthcare Forum and C&B Benchmarking service

2016
Product Launch- HR Business Leadership Certification

2017
Launched Top Team Effectiveness and Service Excellence programs

2018
Launched Leadership Assessment and Coaching Practice. Launched Annual Performance and Potential Reports

2019
Launched Executive Search Practice. Set up Mumbai office. HR Advisory to over 100 clients

2020
Launched iEngage. RPO Launch. HR Advisory in over 8 countries

TABLE OF CONTENTS

Executive Summary

The research draws interesting insights about different performance management aspects like setting goals, feedback mechanism, employee satisfaction with existing performance management system, etc. across organizations in India and compares it with insights from 2019 to generate trends. It also presents insights about the impact of COVID-19 on various aspects like productivity and rewards systems across India.

SATISFACTION WITH EXISTING PERFORMANCE MANAGEMENT SYSTEM

50%
of respondents were not satisfied with existing Performance Management System

200 bps
2 percentage point decrease in satisfaction with existing performance management compared to 2019, where 48% of the respondents were not satisfied

OBJECTIVE OF PERFORMANCE MANAGEMENT SYSTEM

65%
of respondents believe that '**Achieving Business Goals**' is the primary objective of a Performance Management System

GOAL SETTING AND FEEDBACK

24%
respondents have annual goal setting- a 4 percentage point dip compared to last year. Results show that organizations are moving towards more frequent goal settings

IMPEDIMENTS

Major impediments in performance management process:

Difficulty in measuring behavioral components	**52%**
Manager's ability/willingness to have difficult conversations	**49%**
Inappropriately set Goals	**34%**

CHANGES IN PERFORMANCE MANAGEMENT SYSTEM

88%

of the respondents wanted changes in their existing Performance Management Systems

61%

of the respondents were ready for continuous feedback

AREAS OF IMPROVEMENT IN PERFORMANCE MANAGEMENT

Top 3 areas of improvement are:

1. Making the process more transparent
2. Introducing On-going Feedback system
3. Skilling managers on giving constructive feedback during reviews
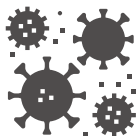
IMPACT OF COVID

37%

of respondents reported an increase in productivity due to COVID-19

There has been a significant impact on rewards:

1. **29%** have no annual increments, while 19% have deferred it

2. **60%** have their bonuses cut or deferred

3. **50%** have their promotions deferred till the situation is normal

BACKGROUND

Today's organizations are faced with overwhelming, competing challenges and uncharted waters as they continue to navigate the impacts of the COVID-19 pandemic. Organizations globally are experiencing workforce disruption hitherto unseen. Virtually all companies are still determining how we will work in the short- and long- term, as workforces and communities try to function and perform [1]

With many businesses struggling to keep up with the disruptions, it might be tempting to abandon or postpone work devoted to Talent Management processes. But the truth is that there is no better time to review and shift Talent Management practices. And, just as the current situation is forcing companies to make rapid, real- time changes in their supply chain, there is an imminent need for companies to get the best performance from their employees and align them with company goals to face this unparalleled disruption [2]. In this light, a study on the state of Performance Management has never been more pertinent.

Performance Management is one of the most important Talent Management processes [3]. Performance Management Systems are known to improve the performance and organizational commitment of employees [4]. If the business environment in India expected disruption in the coming years due to technological, economical and demographical changes, it is nothing compared to what it is facing now. With a large section of employees working from home or unable to work, and upheavals in most areas of business due to the

long lockdown, organizations are dealing with multiple challenges simultaneously, while operating in complex markets. This has manifested a change in the expectations of the organizations from their employees, and vice versa. Thus, the study of performance management and the recent shifts in PMS systems can provide invaluable insights and help understand how organizations are changing their approach towards measurement and management of performance. The fundamental question now is how to rate performance in a rapidly evolving business cycle which is shifting towards a shorter project lead time in this new situation.

Since the area of performance management is rapidly evolving, we aim to understand current trends in Performance Management Systems across India and to find out changes that organizations are undertaking, or plan to undertake, in order to improve their Performance Management System.

This survey highlights processes, policies, and structure of Performance Management System in the organizations. We have also focused on understanding and involvement of employees in the performance management process, their satisfaction level and the break-up of these factors across various industries and organizational level of employees. In the wake of the pandemic, we have focused on the impact of COVID on productivity of the organizations and its reward policies.

SDF'S EXPERTISE IN THIS AREA

Salto Dee Fe has previously undertaken a study on 'State of Performance Management System' in the year 2017 and 2019, and a 'High Potential Survey' in 2018 to identify how organizations manage their high potential employees. We have also anchored discussions at forums like SHRM across geographies. We have also displayed our thought leadership at multiple forums across India and abroad, with a focus on leveraging HR to create wining organizations. With our experience and expertise, we have helped many organizations revamp their Performance Management Systems.

We hope that our study will help you in overcoming some of these challenges and play a role in making the Performance Management System effective.

REPORT OUTLINE

This report draws its findings and analysis from the State of Performance Management System survey conducted by Salto Dee Fe in the month of July 2020. Majority of the respondents were from BFSI sector (27%), followed by IT/ITES (11%), Consulting (10%) and Manufacturing (10%).

Fig.1 :*Industry-wise Break of Respondents*
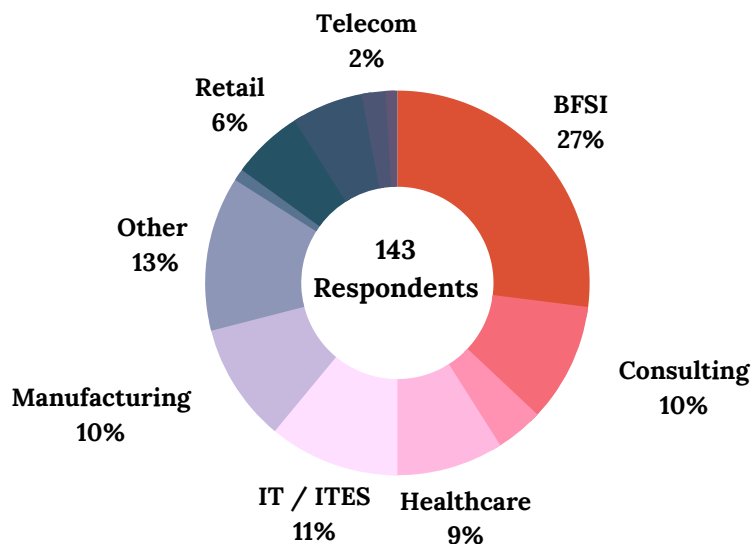
*Other industries include Mining, Education, Publishing, Travel, and Aviation

Fig.2 :*Role of Respondents*
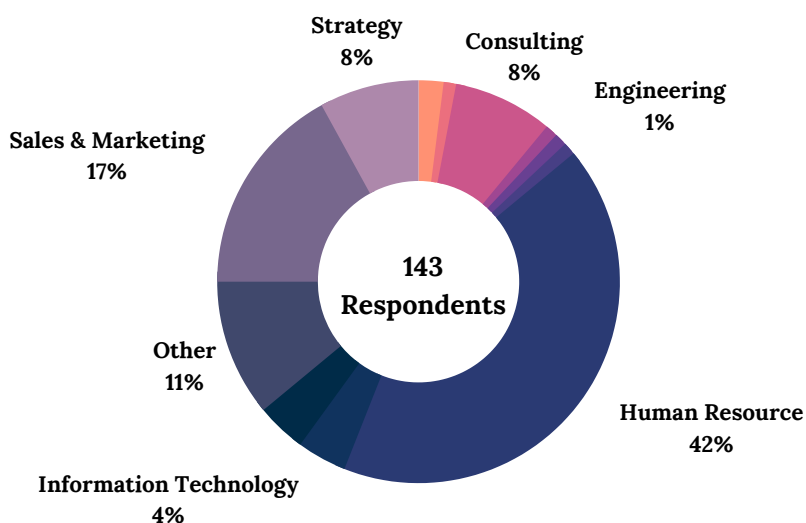
In terms of their role, the majority of the respondents were from Human Resources (42%), followed by Sales & Marketing (17%) and Consulting (8%).

*Other roles and departments included: CEO, Co-Founder, Director, Research, and Sales Training.

DIMENSIONS OF THE SURVEY

The study tries to uncover various facets of performance management such as:

- Objectives and Effectiveness
- The Goal setting and Feedback process
- Impediments
- Possible areas of improvement
- Impact of Covid-19 on PMS

We have also cut through our responses using Generation or Age of respondents, Position in the organization, Size and Revenue of the organization.

DEMOGRAPHICS

Generational Diversity

- Baby Boomers: Born Before 1965
- Generation X : Born between 1965 and 1979
- Millennials   : Born between 1980 and 1999
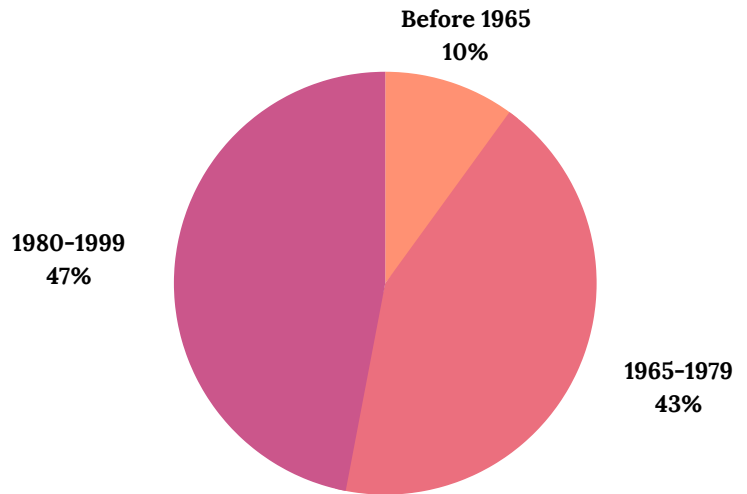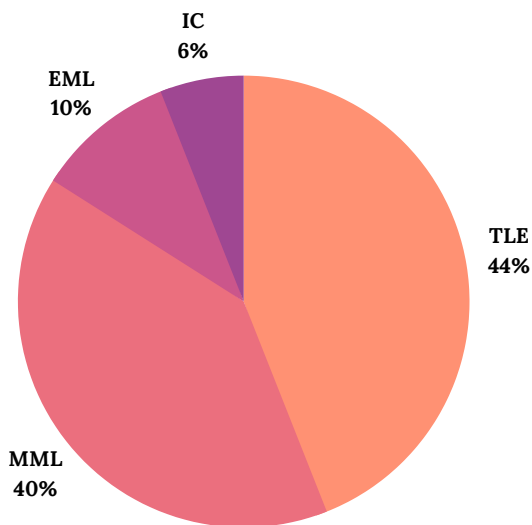
Fig. 3 :Generational Diversity

Before 1965
10%

1980-1999
47%

1965-1979
43%

Fig. 4 : Organizational Level of Respondents

IC
6%

EML
10%

TLE
44%

MML
40%

Organizational Level of Respondents

In terms of organizational roles of the respondents, the organizational levels were well balanced:

- 44% Top Level Executives (TLE)
- 40% Mid-Managerial Level (MML)
- 10% Entry-Managerial Level (EML)
- 6% Individual Contributors (IC)

Size of the Organization

Based on the Employee count, the analysis was done basis 3 categories:

- Small: Less than 1000 Employees
- Mid-Size: Between 1000 and 10000 Employees
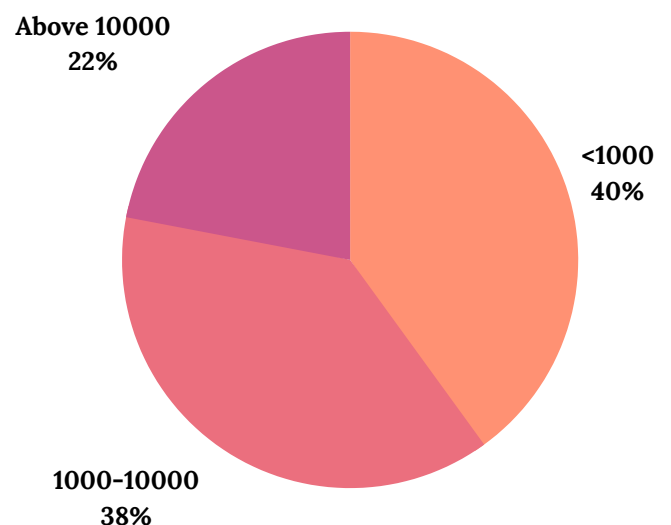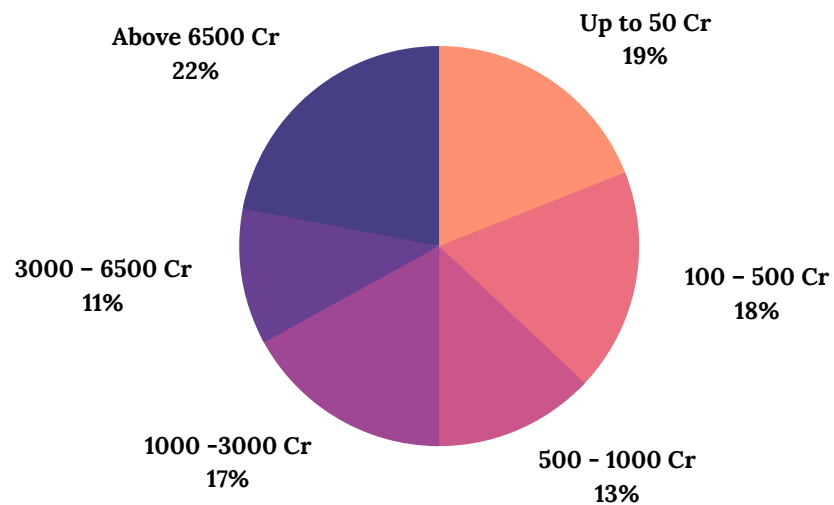- Large: More than 10000 Employees

Fig. 5 : Employee Count

Above 10000
22%

<1000
40%

1000-10000
38%

Fig. 6 : *Revenue of Organization*


Revenue of the Organization

In terms of the revenue of the organization, a large share of respondents was from organizations with Large to Very Large revenues; about 22% of respondents were from organizations with annual revenue of more than Rs.6500 Cr, followed by organizations with Rs.1000- 3000 Cr (17%), 500- 1000 Cr (13%), and 3000-6500 Cr (11%) revenues. A significant portion of respondents also came from small enterprises of revenues up to 50 Cr (19%) and medium-to- large organization of revenues with 100- 500 Cr (18%).

Location of the Organization

Majority of the respondents were from company headquarters (67%), followed by regional headquarters (25%), branch office (6%) and client location (2%).

Fig. 7 : *Location of Organization*
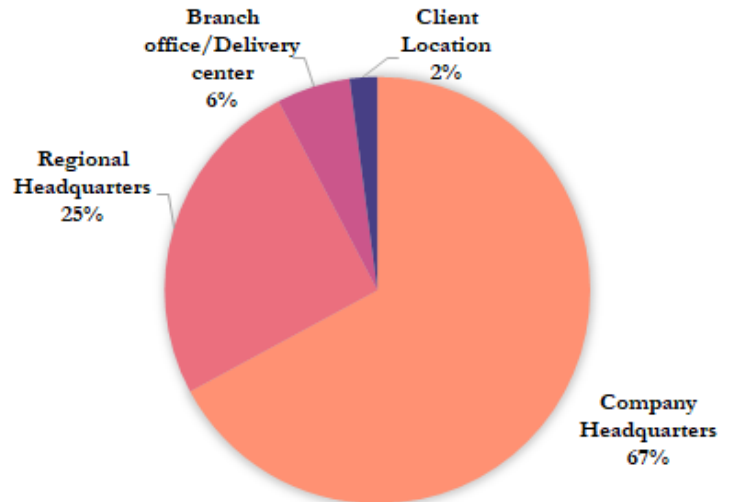
OBJECTIVE OF PERFORMANCE MANAGEMENT SYSTEM

A Performance Management System should be able to align the performance of employees to the business goals, while highlighting the potential developmental areas for the employees.

The survey found that Achievement of Business Goals was the primary objective of a Performance Management system (65% respondents) followed by Alignment to Business goals (56%).
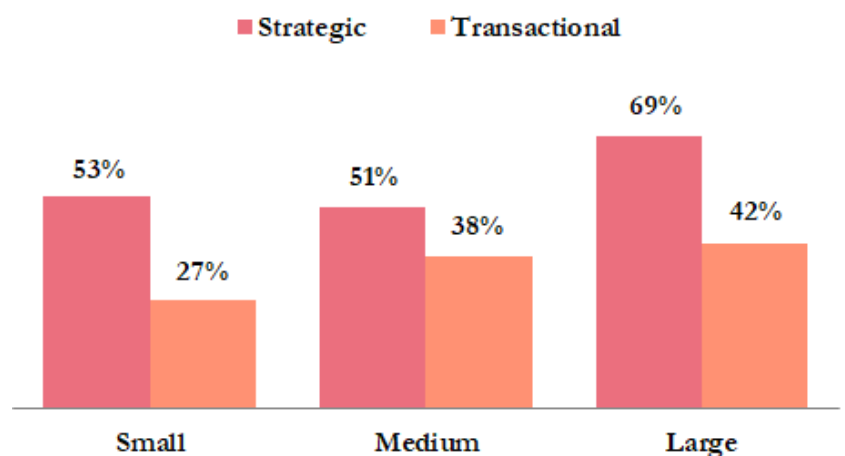
This shows an inclination towards using the Performance Management system more for strategic purposes, rather than as just a tool for gauging employee performance and deciding compensation.

Fig. 8 : Primary Objective of Performance Management System
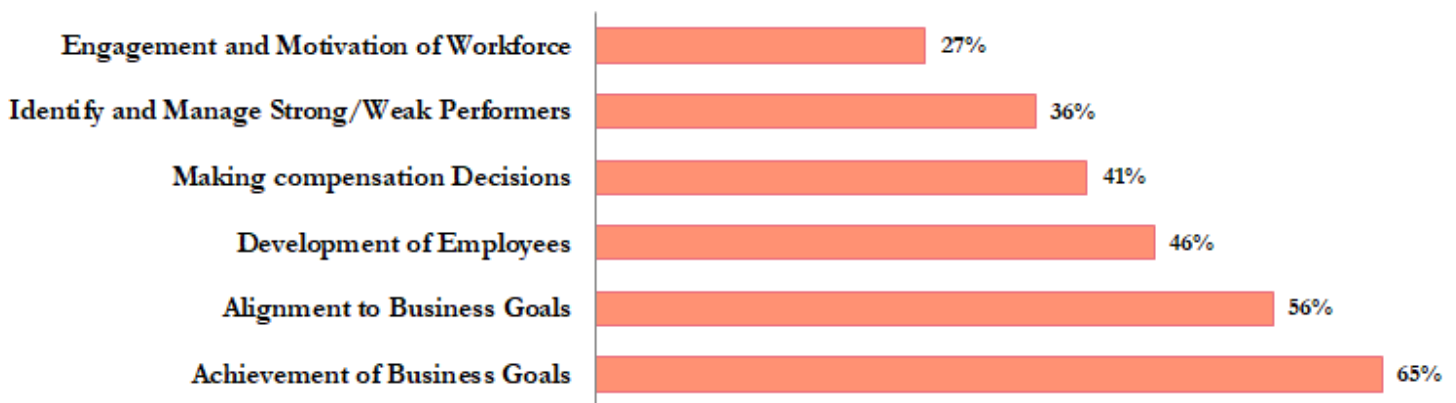
Our point of view: Performance Management is a powerful tool to build organizational capability and align business goals through increased employee productivity. It can be leveraged through specific measures such as setting limited but bigger goals, managing high and weak performers, increasing transparency and accountability of managers for creating a positive employee experience.
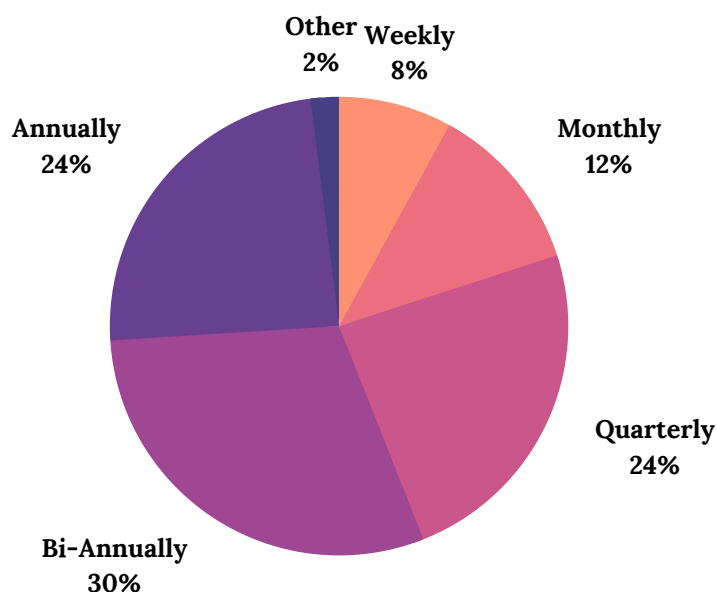
We have divided the objectives as Strategic (Achievement of Business goals, Alignment of Business goals and Development of Employees) and Transactional (Managing Strong/Weak performers, Engagement or Motivation of Workforce and Making Compensation Decisions). According to the respondents, organizations tend to give more importance to Strategic objectives as compared to Transactional objectives. The gap in importance given widens as the size of the firm decreases, with Large and Medium firms giving significant importance to both Transactional as well as Strategic objectives compared to Small firms.

Fig. 9 : Objective of PMS vs Organization Size

GOAL SETTING

All the 143 respondents said that they have a goal setting discussion atleast once in a year.

Majority of the respondents (30%) had bi-annual goal setting discussions, while 24% of the respondents had their goal setting discussions either on a quarterly or an annual basis. Fig. 11 shows the change in goal setting frequency between the years 2019 and 2020. In 2019, 28% of the respondents had annual goal setting discussions while 23% had semi-annual discussions [5]. We can see the trend that organizations are moving from annual goal setting to semi-annual discussions- in response to the shortening business cycle and project timelines.

Fig. 10 : Goal Setting Frequency

Other 2%
Weekly 8%
Monthly 12%
Quarterly 24%
Bi-Annually 30%
Annually 24%

Fig. 11 : Goal Setting Frequency
2019 vs 2020

4% points dip

■ 2019 ■ 2020

	2019	2020
Weekly	7%	8%
Monthly	16%	12%
Quarterly	26%	24%
Bi-Annually	23%	30%
Annually	28%	24%
Other	0%	20%
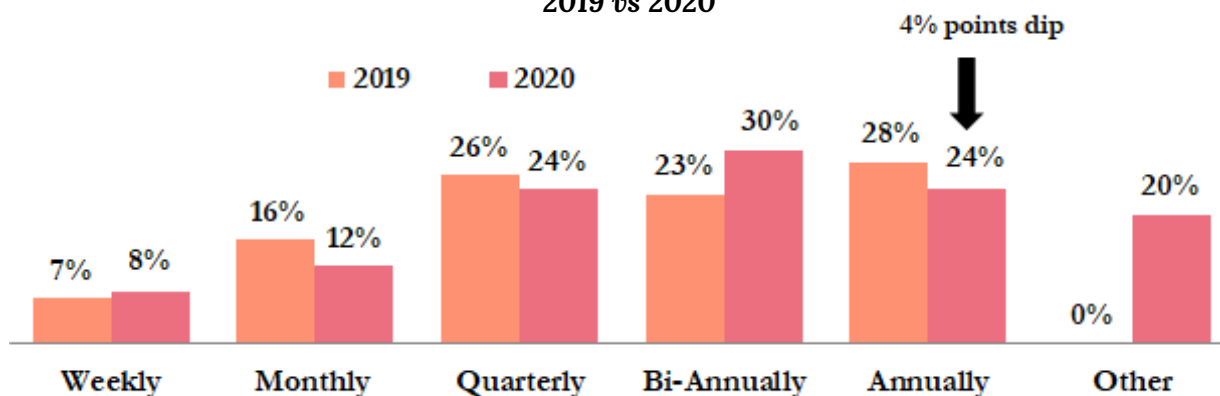
Fig. 12 : Organization Size vs Frequency of Goal Setting

	Small	Medium	Large
Weekly	11%	6%	6%
Monthly	16%	11%	6%
Quarterly	28%	15%	34%
Bi-annually	23%	41%	25%
Annually	23%	26%	22%
Other	0%	2%	6%

■ Small ■ Medium ■ Large
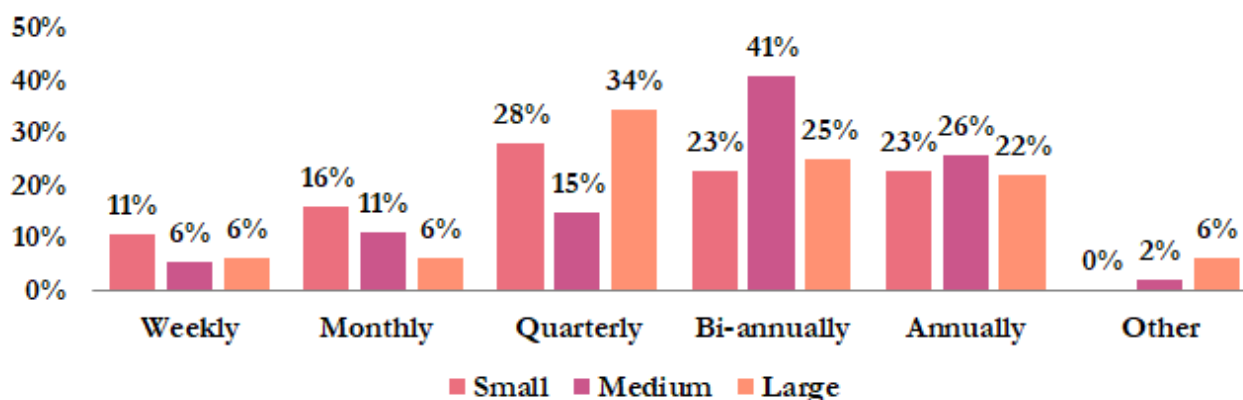
Our point of view:

The rapidly evolving business environment demands organizations to be dynamic to external forces; which can be achieved through regular and frequent alignment of employee goals with business goals. Goal Setting discussion should be simple, quick and include actionable insights on current performance and future improvement areas.

Among the respondents, 69% of the organizations were setting 5 or less goals for an individual, while in our 2019 survey, 64% of the respondents had 5 or less goals [5]. Thus, though not conclusive, we can see that there is a slight shift towards setting fewer number of goals set for individuals with higher frequency (comparing the trends of frequency with number goals).

Fig. 13 : Number of Goals

Weightage for Goals

In the 2017 and 2019 survey, 80% and 82% of the respondents respectively had weightage assigned to their goals [5].

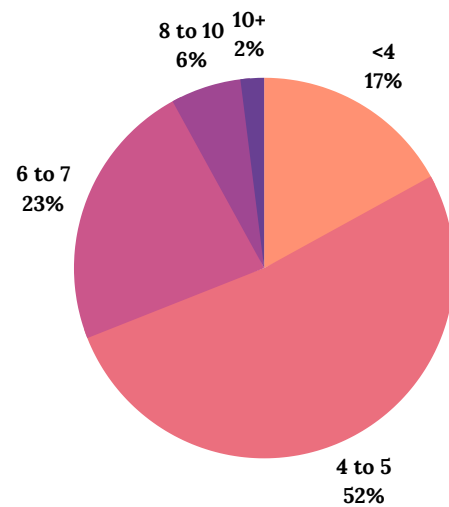In 2020, the trend of marginal increase continues with 84% of the respondents had weightage assigned to their goals.

Fig. 14 : Weightage Assigned to Goals
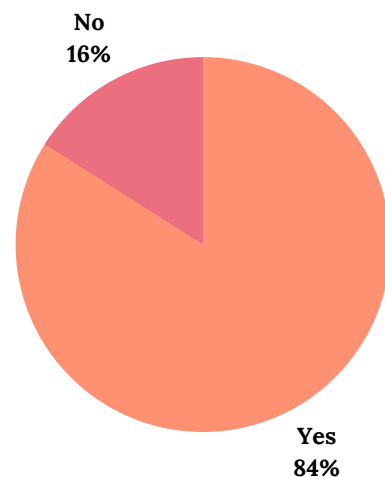
Fig. 15 : Minimum Weightage Assigned to a Goal

Majority of respondents have a minimum weightage of at least 10 percent assigned to their goals: 10-30% weightage assigned to goals (56%) and more than 30% percent weight assigned (7%). With only 51% respondents having a minimum weightage of at least 10% assigned to their goals in 2019, we can see organizations shifting to setting more meaningful clearly defined goals.

Our point of view:

We believe that assigning too many goals leads to reduced effort on each one. If the goals are vital, challenging and impactful, one cannot achieve more than 3-4 goals in a year [6]. Thus, 3 to 4 goals which have company objectives aligned with self-interest of an individual should be assigned.
We would also recommend setting up team objectives along with individual objectives. This should be followed up with frequent reviews and discussions. Reviews and discussions improve the engagement and ambitions of the team members [6].

We believe that assigning weightage to goals creates false sense of precision and takes away managerial discretion[6]. Instead, we can list the goals in the order of importance.
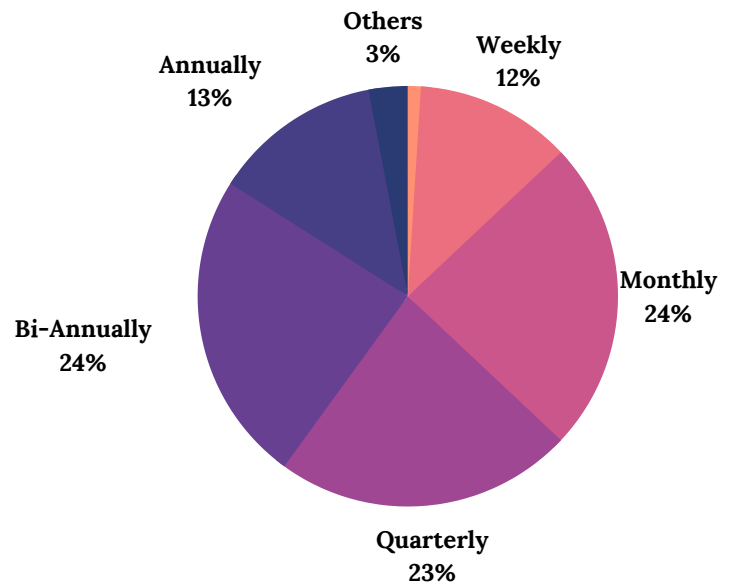
FEEDBACK

Feedback is one of the most important tools that can be leveraged to improve the performance of an employee.

Maximum respondents from large organizations are provided feedback on a monthly basis, whereas the smaller and medium organizations prefer monthly feedback. This could be a function of the relative ease of communication in smaller firms, as backed by social theories.

This highlights the need for platforms that can reduce time and effort invested in feedback in larger firms. But we believe that regardless of the size of the organization, feedback should be more frequent and should involve multiple stakeholders.

Fig. 16 : Frequency of Feedback

Other responses include feedback on ad-hoc or as-required basis

Fig. 17 : Organizational Size vs Frequency of Feedback
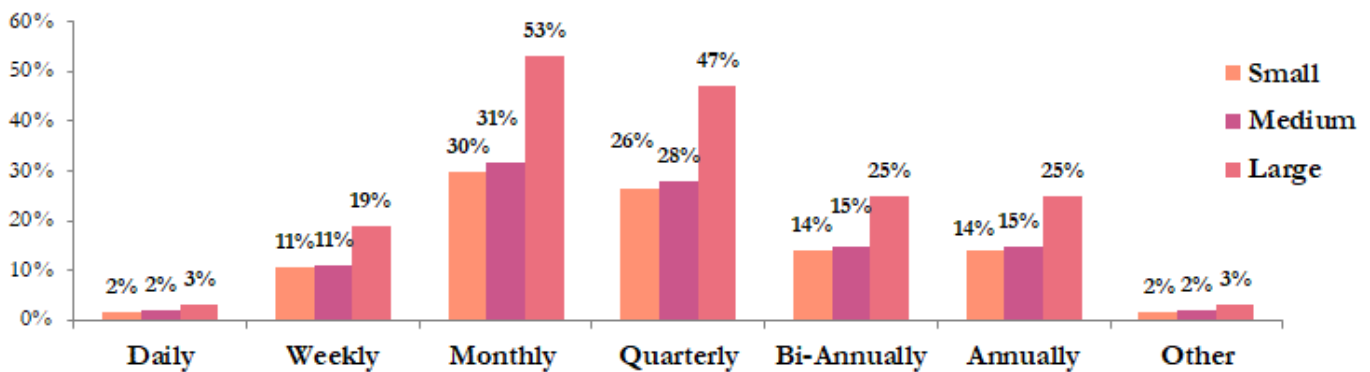

Fig. 18 : Tools Used for Feedback

Tools for Feedback

We can see that majority of the respondents have shifted entirely to technology-based platforms (66%), while 18% are using technology platforms along with paper forms.
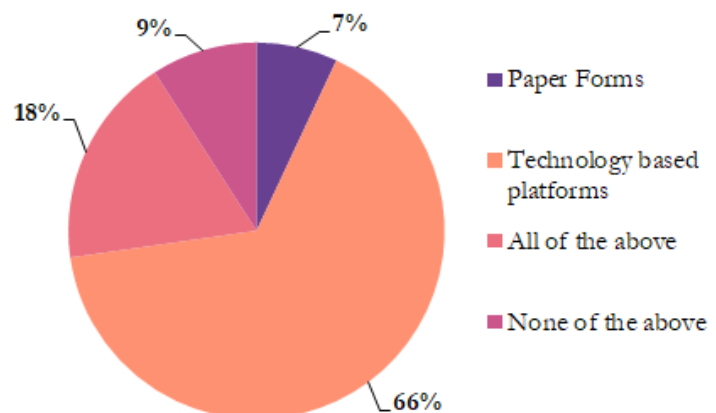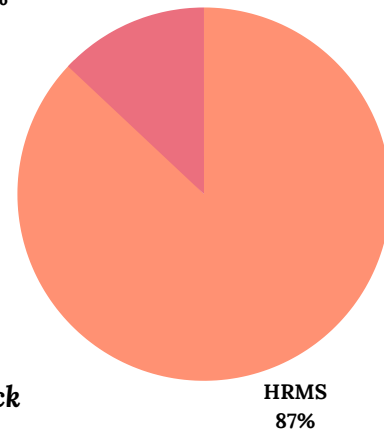
Tools for Feedback

Among the technology-based platforms, HRMS systems are the most popular (87%) followed by mobile-based platforms (13%).

Fig. 19 : Tools Used Among TBP

Mobile based application 13%

HRMS 87%

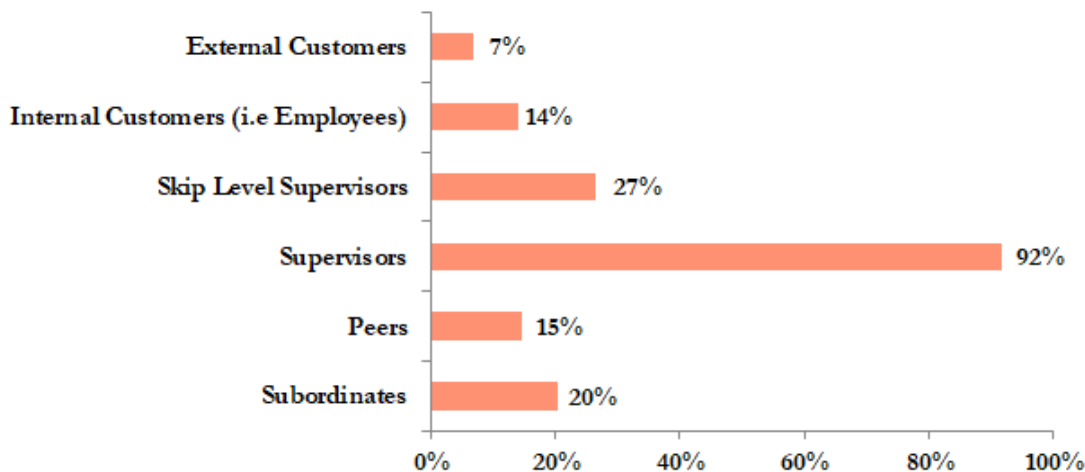**Fig. 20 : Stakeholders in Providing Feedback**

Fig. 20 shows that providing feedback is still predominantly done by supervisors. Only 15% of respondents received their feedback from their Peers, while just 20% respondents received feedback from Subordinates. While 360 degree feedback is one of the most discussed topics of performance management today, majority of the respondents are still not receiving feedback from their peers and subordinates.

Our point of view

The primary purpose of feedback is to improve performance. Research shows that feedback enhances behaviors and leads to improvement in employee performance [7]. We believe that telling people clearly 'what' areas they need to improve enables learning. On the other hand, criticizing people does not enable learning, rather impairs it [8]. Current feedback processes are unidirectional (supervisor to subordinates). We believe that feedback should be more frequent and should incorporate views of supervisors, peers, customers and subordinates to understand different perspectives. It is proven that feedback will be beneficial only if there is a structured follow up process [5]. We suggest that the feedback process should be simple, quick and should add value to the organization.

About Karma Notes

Karma Notes is a product created by Salto Dee Fe Consulting in Partnership with The Talent Strategy Group, USA and Path InfoTech. This tool enables instant anytime feedback and feedforward and is also an answer to all the performance ratings and bell curve related questions and dilemmas faced by the organizations.

Karma Notes is currently being deployed at many leading organizations across sectors and is providing a differentiated experience to over 6000 plus employees across 14 countries.

Karma Notes has also been selected as the top 10 HR Start-Ups by NHRD in 2016 and was part of the HR Spotlight List published by People Matters in 2017.

CHANGES IN PERFORMANCE MANAGEMENT SYSTEM

It was observed that 50 % of the employees at top levels in the organizational hierarchy were aware about the changes, or the planned changes in Performance Management System (PMS), while the percentage is much lower for other categories. One reason for this could be the delay in information trickling down the organizational structure. Another could be the absence of absolute transparency about the process. In our point of view, the information should flow down to the individual contributors as they are critical stakeholders in the organization. In our 2019 survey, only 48% of top-level executives were aware about the planned changes in PMS.

Additionally, we can see a lot of variance in "don't know" data across the years. While it has dropped significantly in entry- level and IC, there is a corresponding increase 'no' response. This might be because they have substituted their 'don't know' response with 'no'. If this is the case, then there is no significant change across years. In our 2019 survey, 43% individual contributors were not aware of the upcoming changes in PMS, this year the percentage has reduced significantly to 16%.

Fig. 21: *Planned or Upcoming Changes in PMS*
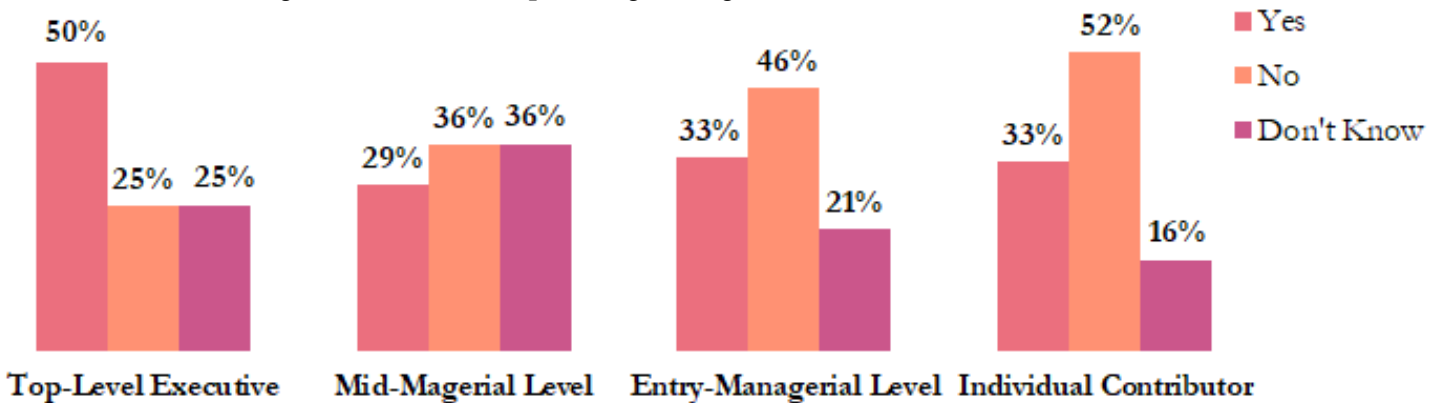
Adopting changes in PMS

Interestingly, our survey highlights the two most important challenges while adopting changes in a Performance Management System as 'Lack of flexibility for Customization' and 'Lack of Integration with Existing HR Systems', which where the two main challenges in 2019 as well (56% and 52% respectively). This shows that organizations have not been successful in identifying and removing the bottlenecks causing these challenges.

61% of the respondents said that they wanted a continuous feedback process in place. This shows that the organizations need to implement mechanism for continuous feedback.

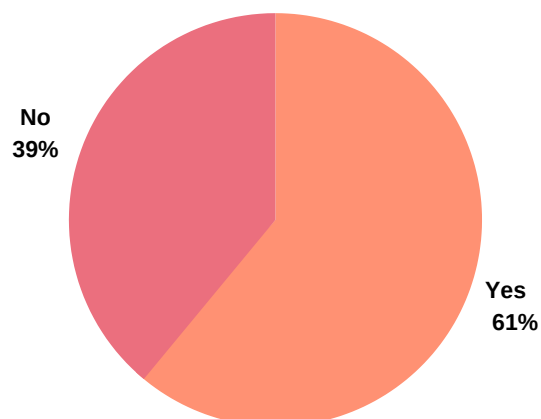Fig. 22: *Readiness for Continuous Feedback*

Fig. 23: Challenges in adopting PMS
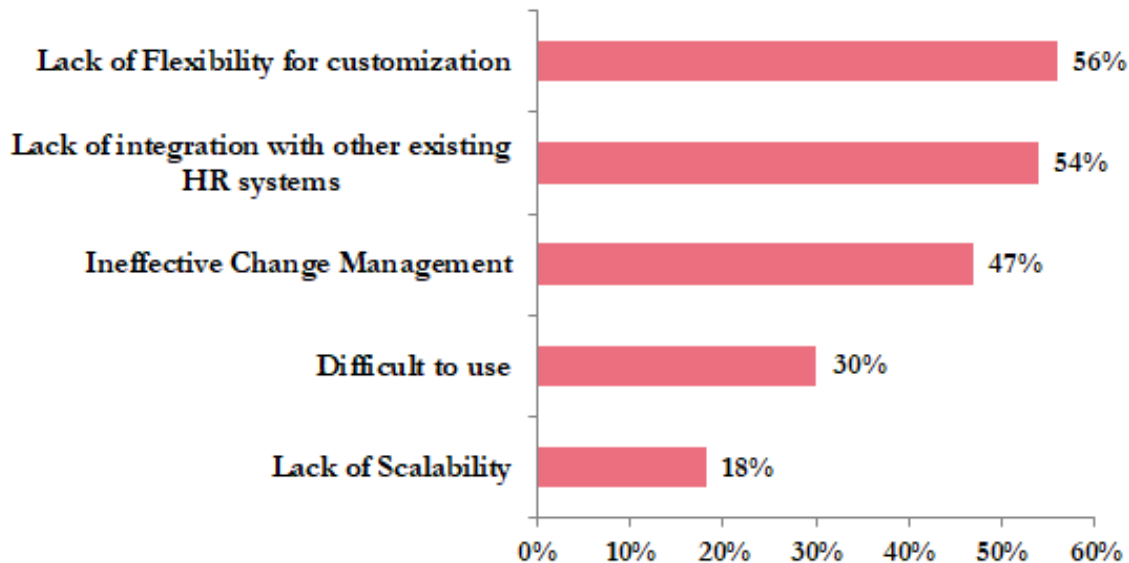
IMPEDIMENTS

The survey revealed that only 50% of respondents were satisfied with the Performance Management System of their organization.

Our 2019 Performance Management System Survey had found that 52% respondents were satisfied with their current Performance Management System [5]. Although only a slight dip (2 percentage points) in this year's survey, we feel that around half of the respondents are still left unsatisfied with Performance Management System. Thus, the organizations must adopt changes in their existing processes and systems used for Performance Management.

Fig. 24: Satisfaction with Existing PMS
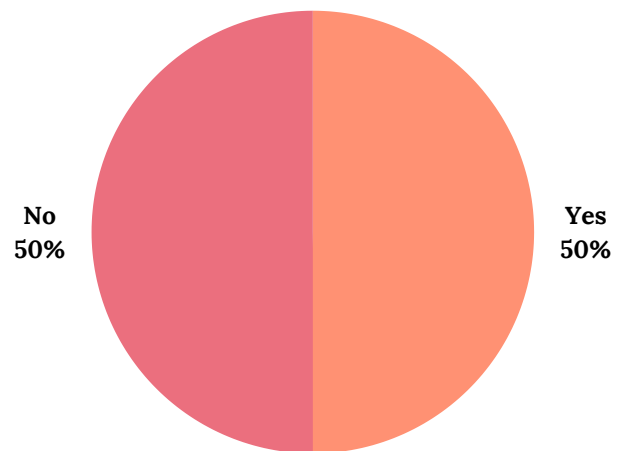
In order to ascertain key barriers in a good performance management system, we categorized the responses for major impediments into three categories (refer Fig. 25 a, b, c):

- Manager Related

- Employee Related

- Process Related

Our Point of View

Manager Related: 'Manager's ability/willingness to have difficult conversations was suggested as a major area of improvement for managers. Employee performance and areas of improvement should be clearly communicated in a transparent manner to create trust between employee and organization. Employees should feel that they are being treated fairly. We suggest that managers should actively participate in review discussion as this is one of the proven mechanisms for improving productivity[7].

Employee Related: According to our survey, around 34% of the employees felt that goals were not set appropriately. Specific and difficult goals consistently lead to higher levels of performance rather than just asking employees to 'do their best' [9]. We believe that goal setting should balance the employee's aspirations while driving the organizations business strategy.

Process Related: 'Difficulty in measuring behavioral components' is the most common process related issue. Employees want a fair evaluation process, coupled with frequent and transparent feedback which involves honest two-way communication [10, pp. 66-67].

Fig. 25 (a) : Manager-related
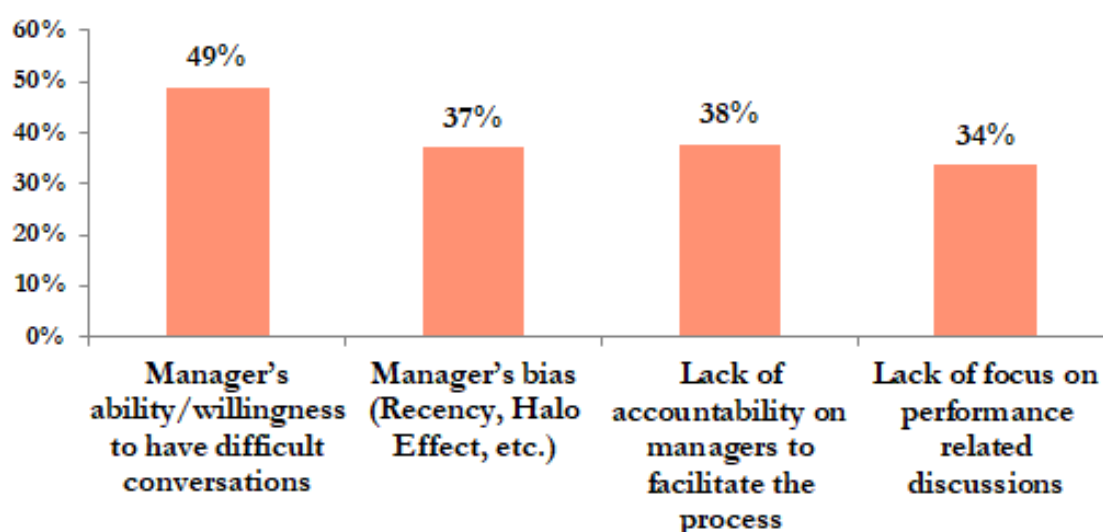
Fig. 25 (b) : Employee Related
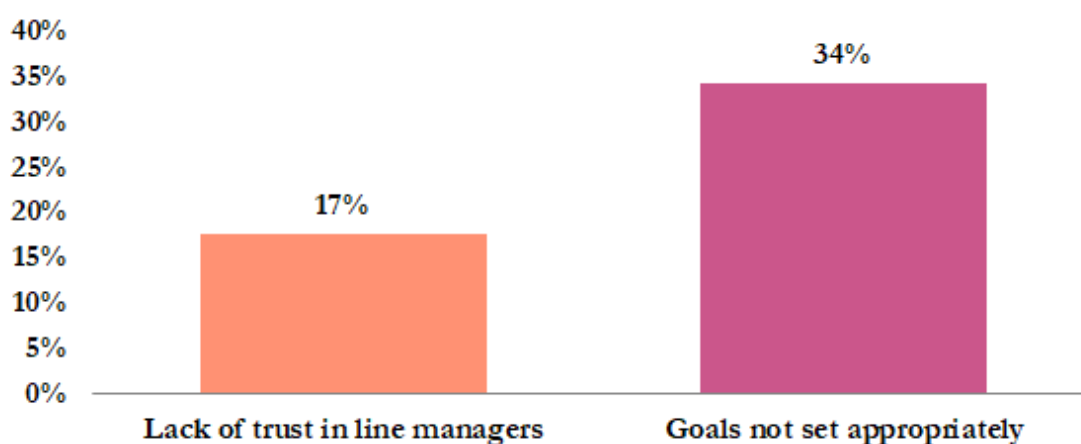
Fig. 25 (c) : Process Related
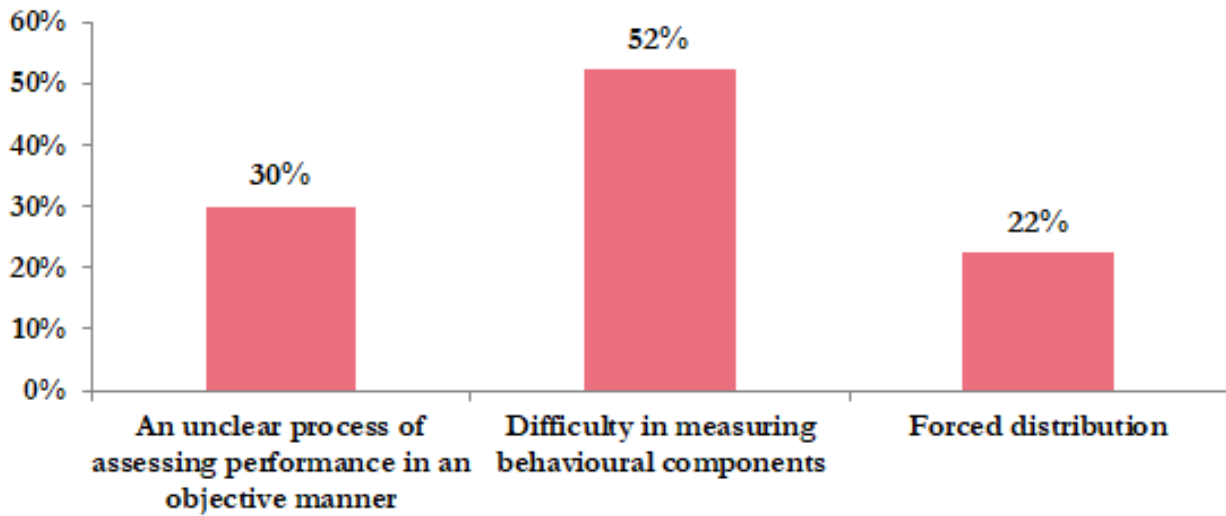
THE FUTURE PERFORMANCE MANAGEMENT SYSTEM

As we move towards changes in the Performance Management System, it is essential to understand the expectations of the leaders and the employees from the process.

We could see that only 5% of the respondents felt that their PMS did not require any changes in the

Performance Management System. 'Introduction of Ongoing Feedback,' 'Making the process more transparent,' and 'Skilling managers on giving constructive feedback during reviews' are the three main areas which the respondents want to change in their PMS.

Fig. 26: Areas of Improvement
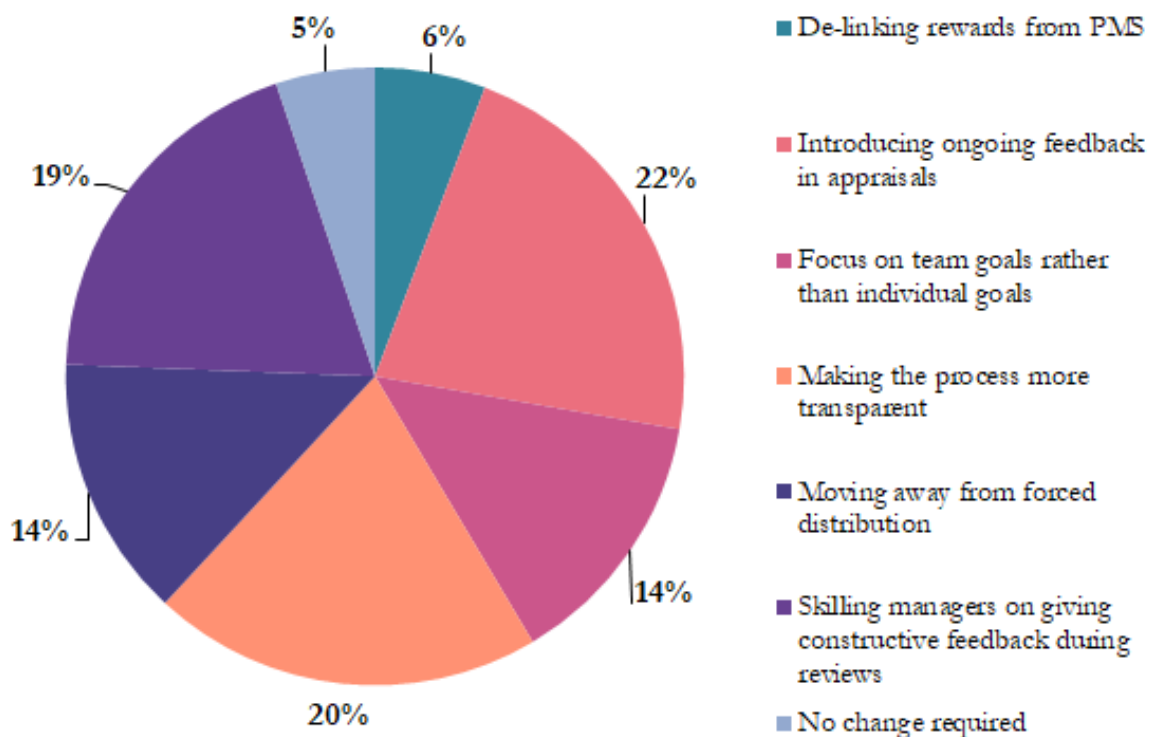
Fig. 27: Generation wise Distribution of Areas of PMS Improvement
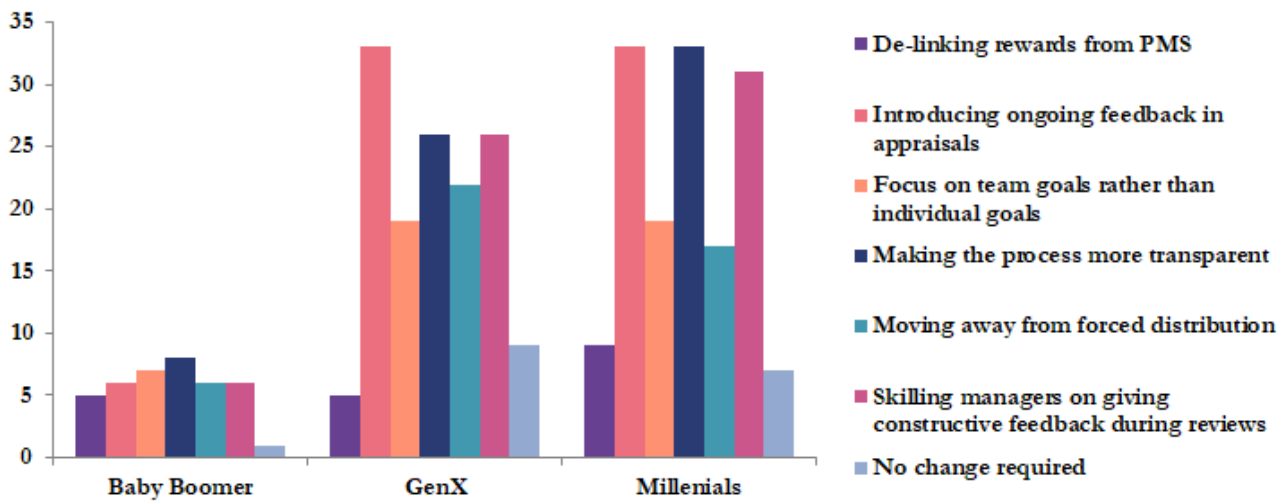
The Generation Lens: What each generation wants from PMS?

Make PMS process more transparent

Introducing an on-going Feedback System

Make PMS process more transparent & ongoing Feedback

Baby Boomers

Gen X
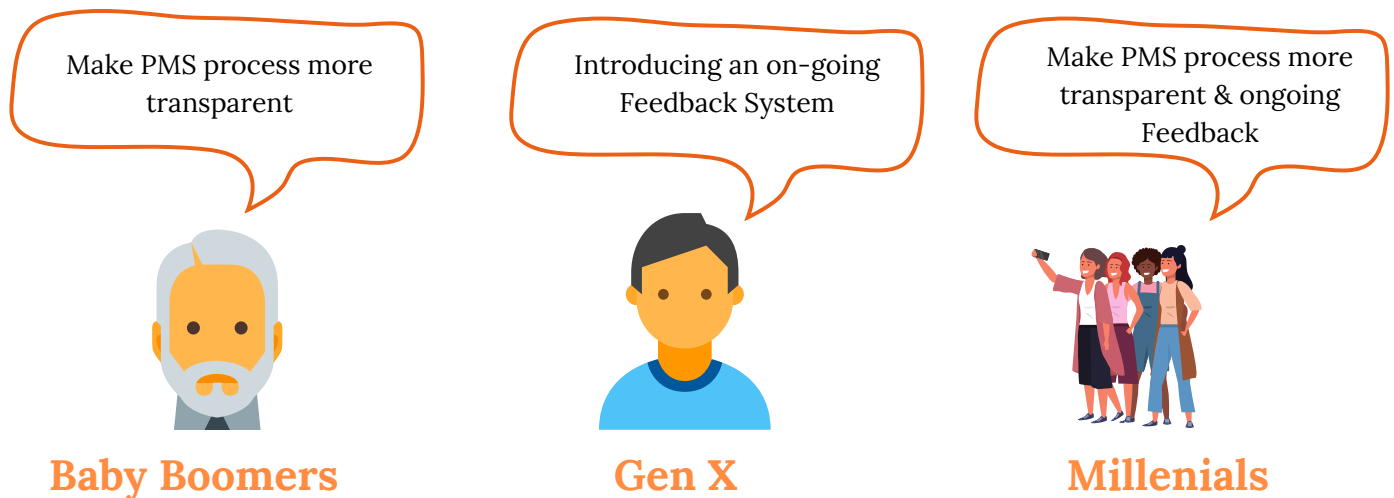
Millenials

Research also supports this that current workforce- millenials prefer to have instant or ongoing feedback [11]

Driven by purpose

Instant Feedback

Shared Responsibility

Work-life Balance

You have got millenials all wrong, Forbes, 2016

IMPACT OF COVID- 19 ON PERFORMANCE MANAGEMENT SYSTEM

The COVID- 19 pandemic has impacted business in ways never imagined before. For the first time ever, more employees than ever are working from home, with many organizations completely closing their offices and virtual conversations the only possibility to communicate.

Employees are dealing with uncertainty, existential dread, their goals are getting changed and are stretched in their own ways. Organizations are responding by having an empathetic view with a consistent focus on teamwork and collaboration.

With the pandemic triggering the greatest workplace and business transformations of our lifetime, we incorporated its impact on productivity, benefits and PMS of companies in the survey.

Fig. 28: Impact on Productivity

Despite the overwhelming disruption caused by the pandemic, we see that only 22% respondents feel there is a dip in productivity in most pockets. While 40% suggest no change, a whopping 37% says there is an increasing in productivity in most pockets. The results suggest that a majority of employees and organizations have adapted well to the changes.

Fig. 29: Average Increase in Productivity

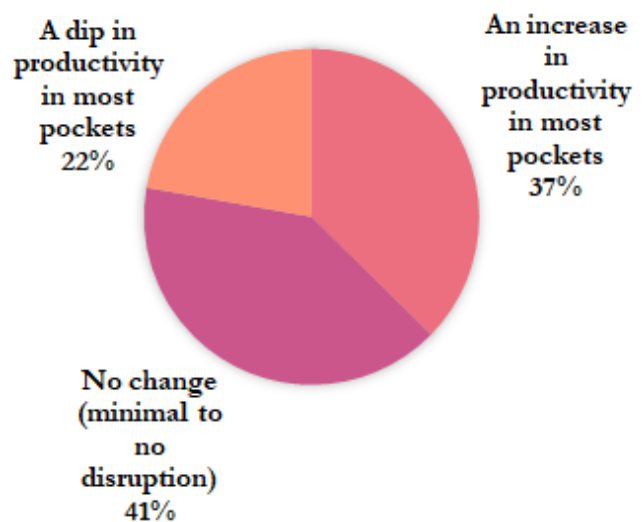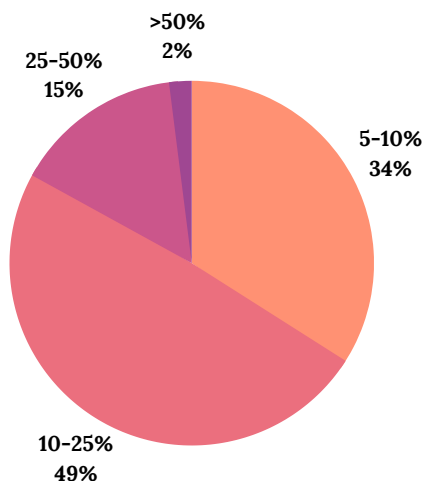In 49% of the cases where there is an increase in productivity, there was an average increase of 10- 25%, while 34% percent reported a marginal increase of 5-10%

Fig. 30: *Average Decrease in Productivity*

>50% Decrease 16%
5-10% decrease 16%
25-50% Decrease 22%
10-25% Decrease 46%
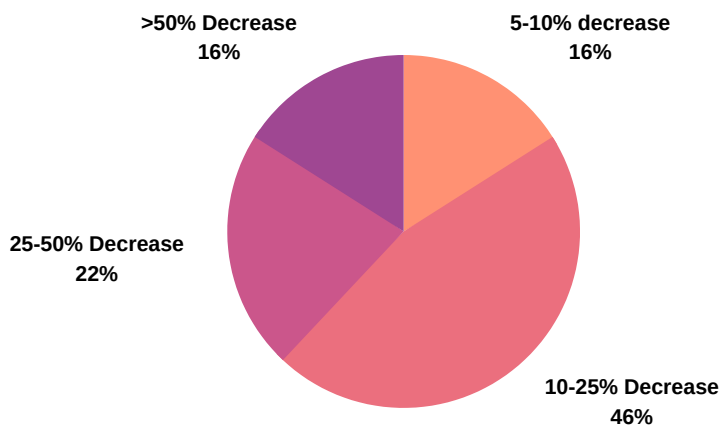
In 46% of the cases where there is a decrease in productivity, there was an average decrease of 10- 25%, while 22% percent reported a marginal increase of 25-50%.

This suggests that the magnitude in dip was larger compared to the magnitude in increase; even though the number of dips in productivity is lesser in number.

IMPACT ON PERFORMANCE REVIEW

Fig. 31: *Impact on PMS Cycle*

Given the significant bearing the timing of the pandemic had on the annual performance management and rewards exercise, it is no surprise that, organizations of almost 28% respondents have deferred the appraisal cycle for 3 months, while another 28% are waiting to see how other organization are responding.

Wait and watch – Decision based on how others in the industry are responding 28%

PMS exercise to be executed as planned 44%

Defer the appraisal cycle for the next 3 months 28%
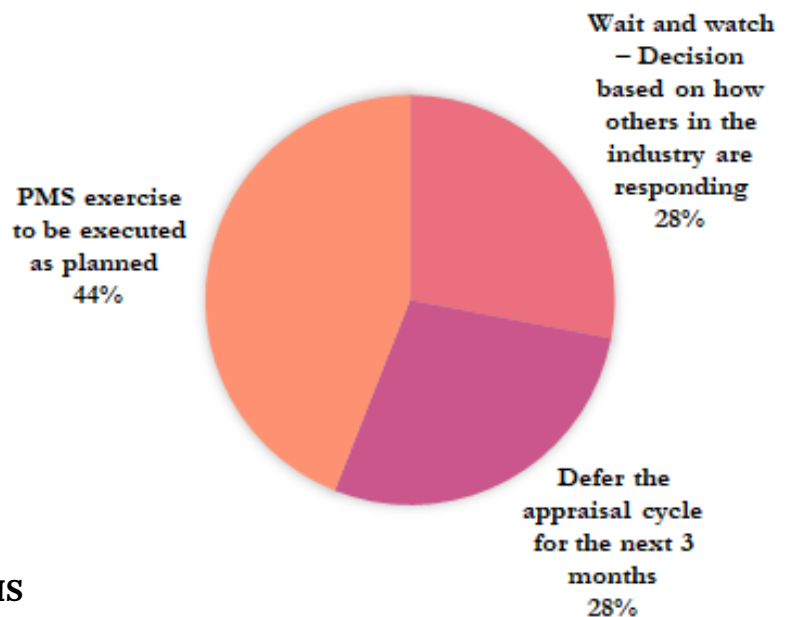
Fig. 32: *Organization Size vs Impact on PMS*
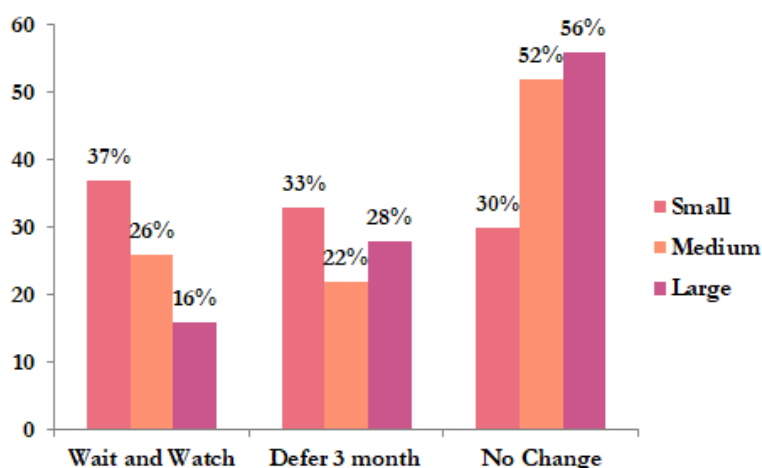
However, organizations of 44% respondents are seeking to continue with PMS exercise as planned. It is interesting to note that a large percent of Large organizations (56%) and Medium- size organizations (52%) is planning to execute PMS exercise as planned while it is low for small organizations.

IMPACT ON REWARD COMPONENTS

Annual Increments

The survey shows that there is considerable impact on the annual increments received by employees. Only 15% respondents will get their annual increments as planned prior to the lockdown. About 28% respondents will not get annual increments this year and 19% respondents are having their annual increments deferred by three to six months.

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Fig. 33: Impact on Annual Increments
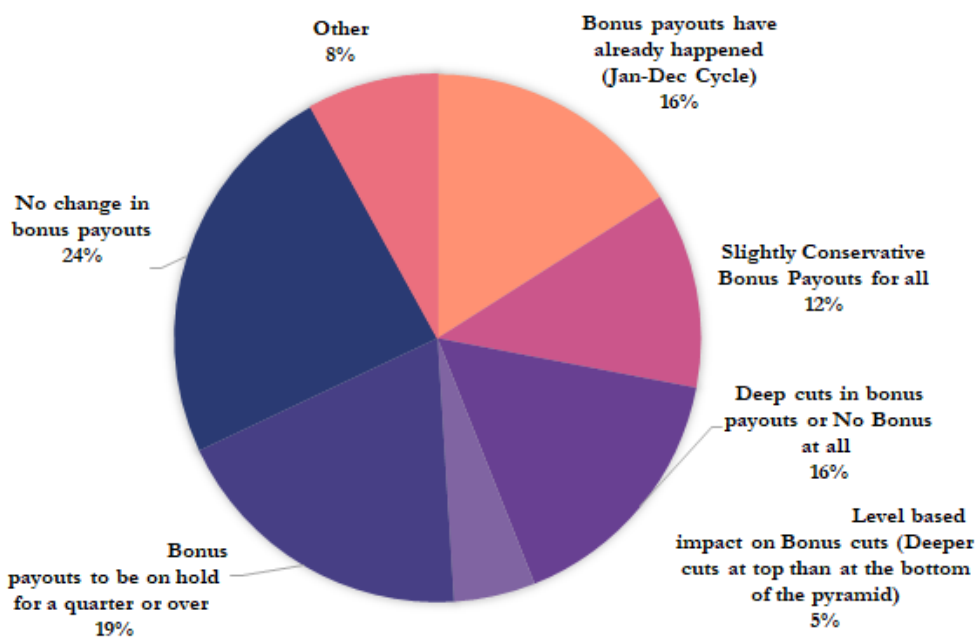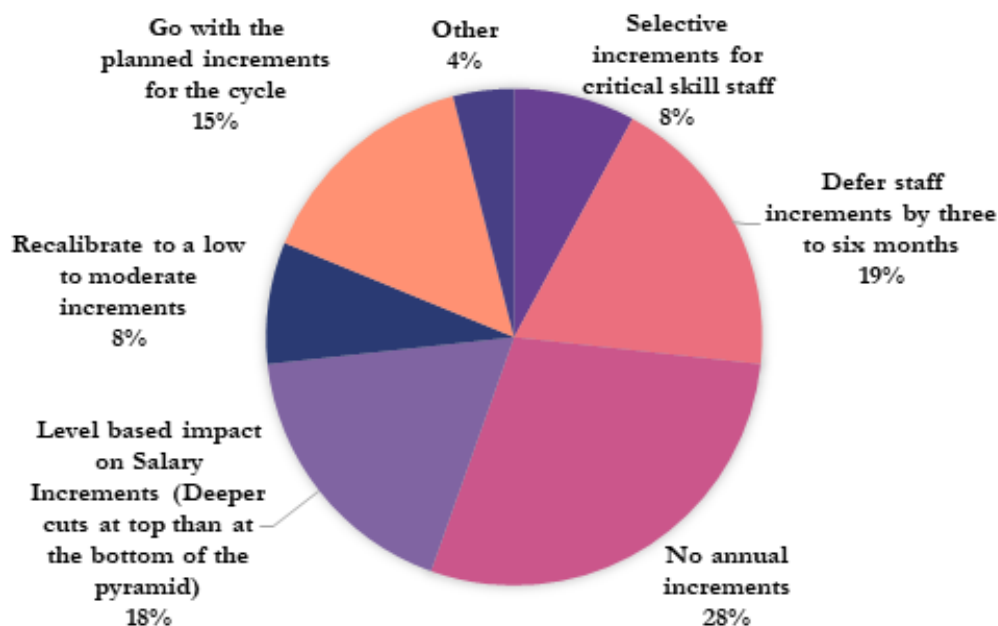
Fig. 34: Impact on Bonus

The survey shows that there is an impact on the payment of bonus as well. While 24% respondents don't have a change in bonus payouts and 16% respondents have already received bonus payments, the rest have their bonuses on hold or have cuts in the bonus amount or are unsure of the company's decision on bonus payouts for the year.

Promotions

As expected, the pandemic has affected the promotions quite conspicuously. About 50% of respondents say that promotions are deferred till situations are normal. About 8% respondents are unsure as of now or said that promotions are given only in special cases

Fig. 35: Impact on Promotions
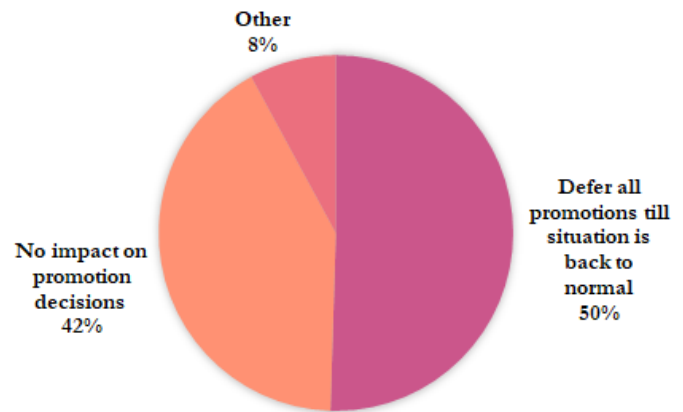
Long Term Incentive Programs (LTIP)

Even though, compared to other reward practices, LTIPs remain largely unaltered, with 44% respondents facing no changes and 29% respondents not having a LTIP in the first place, there is a significant portion of respondents facing changes in their LTIPs (about 26%). About 6% will get reduced goals, while almost 20% are planning to revise it based on the pandemic's impact.

Fig. 36: Impact on Long term incentive programs

- ■ No Changes (Remains the same)
- ■ Make the LTIP awards in the present but delay setting goals for a reasonable time (e.g. several months)
- ■ Reduce goals by a factor in contemplation of the impact of COVID-19
- ■ Select different performance metrics or award designs that offer better insulation against a shock like COVID-19
- ■ Set goals using the best available information and softly communicate a willingness to modify goals based on how COVID-19's ramifications unfold.
- ■ Draft performance goals to give the compensation committee discretion to adjust actual results based on the identifiable impact of Covid 19
- ■ We don't have an LTIP option

Measures taken by Organizations

Most of the organizations have taken measures to deal with the impact caused by the pandemic. About 27% of respondents say that their organization will modify benefits plan to lay emphasis on psychological impact of the crisis on employees, while 21% says that their organizations will add long- term benefits for middle and senior levels. Also, 34% respondents say their organization will not take any measures, have not decided yet or reduced the salaries.

Fig. 37: Measures taken by organizations

- ■ Increasing the variable pay share in the annual salary (i.e Higher Variable to Fixed Ratio in Compensation Design)

- ■ Introduction of long-term incentives in addition to existing short-term incentives for middle and senior levels (thereby linking the variable payouts to company performance over a longer duration)

- ■ Modifying benefits kitty to lay emphasis on the psychological impact of the crisis on their employees (Wellness programs etc.)
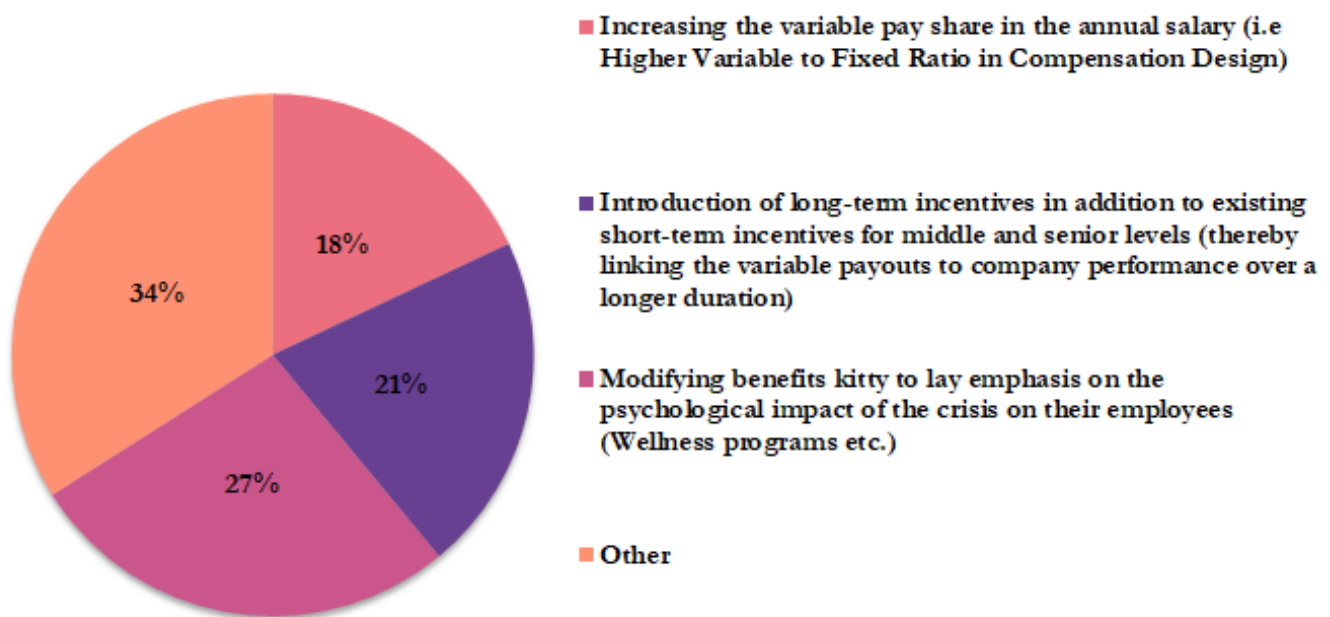
- ■ Other

Our Point of View

We encourage organizations to take a long-term, holistic view with respect to their Total Rewards. It will be helpful to contextualize any potential changes in light of the actions that are impacting their stakeholders including the broader workforce (pay-cuts, job losses, retrenchment etc.).

27% of the employees say their organizations are planning to modify benefits kitty to deal with the psychological impact of the crisis on their employees. We suggest that non-incentive compensation and benefits for the workforce requires more immediate action and Keeping in mind the stress that employees are having to endure, employers need to urgently review their policies and implications on employee health and safety, business continuity, productivity, performance management and rewards.

CONCLUSION

With the world slowly getting used to the new normal induced by the pandemic, businesses have also aligned themselves to the new life after the initial shocks. With half of the respondents not satisfied and 88% respondents wanting change in their Performance Management Systems, the need for improvements in PMS systems has become more important than ever in the wake of this unprecedented disruption.

As Performance Management Systems are a crucial part of an organization's journey, we believe that it is essential for organizations to leverage their potential benefits and reduce all impediments to the bare minimum. With 75% respondents believing in the strategic importance of PMS systems, it is imperative that instead of looking at the PMS system as just a tool for performance appraisal, organizations should start to exploit the strategic benefits of Performance Management Systems. Organizations can look at accurate goal setting, frequency of reviews, and a feedback mechanism for ensuring the goals of the PMS are met.

The performance management process starts with setting appropriate goals. These goals should drive the organization's strategy and balance an individual's career aspiration. It is proven that goals aligned with self-interest increases motivation to perform [6]. Research reveals that agile organizations need to have team goals along with individual goals [13]. Employees should understand how goals are set and how they are being evaluated. Keeping the performance management process transparent ensures that employees feel that they are being fairly evaluated and they trust in the organization [3].

Now that pandemic has turned down business plans upside down, companies might be mindful to considering these pros and cons when setting new performance goals [14]:

1. **Do nothing and continue as per the schedule**

Pros:

- It is effortless and simple
- Performance goals already embed uncertainty; changes are not merited just because we now know the flavour of that uncertainty

Cons:

- Stretched goals embed bounded uncertainty linked to known strategies that may under-deliver or over-deliver. Unless specifically considered, global impacts are not factored into goals

2. Select different performance metrics or award designs that offer better insulation against an exogenous shock like COVID-19 and any ensuing recession

Pros:

It is an organic solution that gets to the root of the problem

It is a better story for participants who are naturally concerned with the awards they are receiving

Cons:

It is a potentially drastic decision in a relatively short amount of time

It may change the underlying incentives employees are accustomed to

3. Set goals using the best available information and softly communicate a willingness to modify goals based on how COVID-19's ramifications unfold

Pros:

When and if an adjustment is applied, it will be based on better information than what's available today

Cons:

It assumes that an objective method will exist to quantify the impact of COVID-19 when determining how to modify goals

Continuous feedback has been proven to have a positive impact on the performance of the employees [7]. As Fig. 22 shows, 61% of the respondents are ready to accept a continuous feedback system, whereas only 14% of the organizations have a daily or weekly feedback mechanism (Fig. 16). Not only is there a dearth in the number of feedback received, but also there are possible impediments to its quality. The survey suggests that there are areas where managers need to improve upon their quality of feedback like having difficult conversations, removing bias etc. Frequent effective conversations by managers can go a long way in improving the engagement of employees in this time of remote working and high stress [15]. In our opinion, organizations should plan on introducing a continuous feedback mechanism and making the performance management process more transparent. Also, the feedback should focus on aspects like personality development and career planning for employees. Despite the shock from the pandemic, the gig economy is expected to rise in the coming years [16][17]. The future performance management systems should be able to incorporate this factor as around 41% [18] of the organizations around the world are giving importance to the alternative workforce. The emerging areas like Augmented Intelligence will disrupt the way our workforce will be working.

Interestingly, even though many employees are willing to accept changes that can improve the performance management process, organizations are still shying away from implementing these changes.

As we move towards a post- COVID era, it is time we look at the existing flaws of PMS systems and improve it to maximize organizational performance.

Most of the organizations have taken measures to deal with the impact caused by the pandemic.

About 27% of respondents say that their organization will modify benefits plan to lay emphasis on psychological impact of the crisis on employees [19].

It also matches with the Korn Ferry study which suggests that organizations are considering to develop differentiated reward offerings to engage employees.

This pandemic and the related economic fallout have affected lives and businesses around the world like no other event in recent memory. Future of work demands taking the lessons learned during the response to the crisis and evolving our organizations.

WE AT SALTO DEE FE HAVE HELPED OUR CLIENTS REALIGN AND REVAMP THEIR PERFORMANCE MANAGEMENT SYSTEMS

The case study below illustrates how SDF redesigned PMS process of a leading manufacturing company

Problem

A leading manufacturer, driven with the core vision of being customers No.1 supplier was feeling a need to revisit its PMS process.

This ushered the need to redesign the PMS process to bring improvements in Goal ignment, Performance Behavioural/Competency Assessment & Review process. The overarching objective was to draw clear & objective linkages between PMS outcomes and business performance. The PMS design needed to be tailor made to the organization's context and current business realities.

Approach

We assessed the current PMS practices and designed customized PMS process. With PMS rapid cycle design approach, we divided talent process into individual elements: Set Goals, Coach & review.

For competency assessment and deployment, we understood organization mission, vision and values, conducted interviews with high performers/potentials & supervisors, based on the analysis of interviews, we identified key behavioral indicators. Basis which-we created Competency Assessment scales – Progressive Descriptors across levels and integrated competency model into design of PMS system.

Outcome

- We Improved the process of Goal Setting and Cascaded – Clear linkages to business outcomes
- We strengthened the performance review & assessment process by enabling line managers and HR
- We promoted ongoing feedback & coaching conversations to enhance productivity and performance
- We established clear linkages of PMS outcomes to other Talent processes – Rewards, Promotions, Merit Increases etc.

The case study below illustrates how SDF leveraged Talent philosophy and success model approach to create a robust Talent Management Framework of a leading Insurance company

Problem

To implement a fresh approach towards Talent Management, our client wanted to streamline their Talent Management practices, including the Performance Management System.

Defining the Talent philosophy for the organization and creating Success model that be leveraged to create a robust Talent Management Framework for the organization.

Approach

For developing a Talent Philosophy and success model, we used Marc Effron's model which focuses on 5 areas: Performance, Behavior, Differentiation, Transparency and Accountability. Also gathered insights from the Leadership team by conducting Interviews, Focused Group Discussions with Champions, HR and Corporate leaders.

Rapid Cycle design process was used to divide the Talent Management processes into individual elements. For each of these elements, a range of choices was provided along with set of questions to facilitate the selection of choices.

Outcome

- The organization was able to identify key behaviors for success and the behaviors were categorized for Entry-level, Mid-level and Top-level management
- The organization was able to define linkages to monetary outcomes to behaviors displayed. They were also able to link long term and short-term incentive plans with this
- A strategy was in place to identify the ownership of key talent in the organization and define role fungibility and geographic mobility for their key talent
- A plan for managing High-Potential employees was defined. This included their identification, learning plan, career development plan and recognition

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His second book with Harvard Business Review "8 Steps to High Performance" has been released in July 2018.
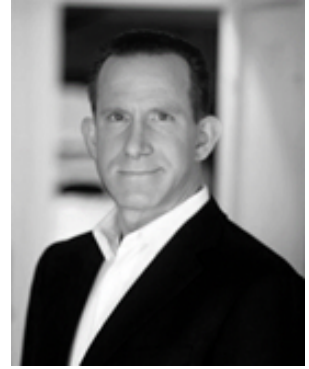
Rajan Kalia, Co-Founder, Salto Dee Fe and Karma Notes

Rajan currently consults, advises, coaches, and innovates in Human Resources. He has invented Karma Notes, a one-minute feedback mobile application, RF4, an employee retention tool and iEngage an employee engagement enterprise solution.

Successful in working at the intersection of Strategy & HR, he is an expert at Large Scale Transformation, Organization Development, Talent Management, Leadership Selection, Skilling and Mentoring International

Facilitator, Coach & Moderator:

Rajan is a moderator for Harvard Business Publishing and a coach with DDI, India and Stanford Seed. Rajan helps organizations with Leadership alignment and multiplying performances of Leadership Teams.

Rajan & SDF have now served 100 clients globally & in India.

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A jump start on Employee Engagement
Amplify Employee Engagement to create maximum business value at minimal cost by focusing on vital few priorities for change

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One minute feedback to improve performance
Build a feedback culture and enhance productivity and engagement while lowering time and cost, all through a mobile app.

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Fast and futuristic 360 degree feedback tool
Accelerate leaders' development by giving them easy-to-understand, prioritized advice for quickly changing their behaviors.

HR Team Effectiveness
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Address key aspects of the mindset and capability requirements that are central to new age HR Business Partners.

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Focused on top team effectiveness and collaboration
Develop a highly effective top team and address the dynamics of the team while it attends to hard business issues.

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Building blocks for creating a high performing organization
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Experience our cutting edge product suite that provides you with better, smarter and a faster way to build & engage talent. Our products are based on principles of simplicity, accountability and transparency with the aim of making talent management practices embarrassingly easy to execute for both HR and Line Managers alike.

OUR PRACTICES

We co-create bespoke solutions that are scientifically valid and simple to execute

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We seamlessly support the critical stages of business transformation for our clients by focusing on transforming mindsets of employees. We work with below the surface linkages of transformation- Values, Traits, Motives and Beliefs- to speed up the transformation journeys.

TALENT MANAGEMENT

In partnership with The Talent Strategy Group (Founded by Marc Effron, author of the Harvard Business published bestseller OPTM), we bring cutting edge talent solutions. These simplify processes to remove complexity, enforce accountability and drive transparency.

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We bring over 120 years of experience & expertise in skilling executives to become effective business leaders. Our team members continuously work with Top Teams and work as facilitators for Harvard and Stanford in India and the Middle East.

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We help firms make Great People Decisions with the objective of directly impacting their growth and align firm's Talent Acquisition goals with Business Objectives by driving a shift from a tactical, reactive process to a strategic program.

We have served 115 clients, 45% are second time clients and 25% are being served for the 3rd or 4th time

TYPICAL ASSIGNMENTS UNDERTAKEN

Talent Management for leading General Insurance organizations of the country	Hiring for leading Life Insurance organizations of the country	Talent Management for leading Life Insurance organizations of the country

- Balance Scorecard
- Compensation Restructuring
- HR Policies & Process Design
- Incentive & Recognition
- Mission, vision and core values
- Align Business & Sales Strategy Design
- Organization Benchmarking & Cost Rationalization

- Talent Philosophy
- Competency Mapping
- Compensation Benchmarking
- Level & Job Equivalence
- Performance Management System Design
- Potential, Performance and Succession Planning
- Talent Management Framework

- HR for HR
- Executive Coaching
- Strategy Articulation
- Top Team Effectiveness
- HR Business Leadership Certification
- Leadership Alignment Workshop
- Talent Management Certification
- Assessment Centres

- Executive Search
- Success Profiling
- Interviewing Skills Workshop
- Recruitment Process Design
- Selection Process Outsourcing
- Recruitment Process Outsourcing
- Selection Methodology and Toolkit Design

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