Breaking Free From the Bell Curve: An Alternate Proposition for Performance Management

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W.P. No. 2015-10-04
October 2015

INDIAN INSTITUTE OF MANAGEMENT
AHMEDABAD-380 015
INDIA

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ABSTRACT

Performance management processes that follow a Gaussian distribution (bell curve) and focus on past performance rather than a future promise have come under critical focus. Such systems have been found to foster short-term focus among the employees that does not augur well for the competitiveness of the firm. Also, utilising the same rating for determination of rewards as well as finding suitability for the role and vertical mobility has been found to be myopic. Off late, many organisations have done away with the bell curve but the move has raised questions about the alternatives. In this manuscript, we have suggested alternate mechanisms of appraisal that handles reward determination and suitability for promotion through two distinct levers. We also present a case study that enumerates a novel approach to performance management that allows accrual of value for the firm along with incrementing employee motivation and engagement.

Keywords: Bell curve, performance appraisal, power law, vertical mobility, rewards

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Introduction

What makes some firms operating in the same competitive space more successful than others? What is the fundamental aspect that enables firms to have a competitive advantage? The answer to the above queries is the employed human capital (Crook et. al, 2011; Krishnamoorthy, 2015; Shrader & Siegel, 2007). Organisations that have motivated and talented individuals, who offer superlative service to customers are likely to forge ahead of the pack, even if they have similar products or services. It is widely accepted that recognition is one of the most effective motivators (Hansen, Smith & Hansen, 2002). Individual recognition is much more difficult than recognizing the full team. Individual recognition that is not properly facilitated can hamper team cohesiveness.

Performance management systems have been accepted to be a key tool in recognising an individual's achievements and also an important lever to mould people's ability and motivation to a durable advantage. The notion of performance appraisal has transformed over the years. Performance has been typically associated with annual appraisals that numerically size the entire year's work of an employee. However, performance is a much wider issue that cannot be quantified by just a numeric based appraisal. The numbers that are the output of the appraisal system is used by the leadership to decide on hosts of employee-specific development related issues such as role enhancement, inter-firm vertical movement and most importantly the annual benefits.

There is a consistent view among researchers engaged in studies in the field of organizational behavior, strategic management and Industrial psychology that distribution wise performance of individuals tend to bunch around an average and then spread out into tails that are symmetrical. That is, the performance of individual is supposed to follow a Gaussian distribution (Hull, 1928; Aguinis & O'Boyle, 2014; Schmidt & Hunter, 1983). This commonly held belief has led firms to resort to implementing a normal distribution when there is not. In such a situation, they force it the comparative performance of its employees in a Gaussian distribution. Popularised in the late 1980's and early 1990's by Jack Welch of General Electric, the adaptation of normal distribution or 'bell curve' by other firms has primarily been isomorphic with a tendency to follow the leader (Bruce, 2015). The employees in top bands of the curve get the prime of rewards, growth opportunities and those in the last band face decreased opportunities and many times termination of employment. Over the years, this single tool for assessing an individual's contribution to the organisation has become central to firm level human capital strategy. It has been argued that if done in true spirit than positive discrimination based appraisal have their own benefits such as attention given to individual appraisal, development of effective leadership pipeline and development of a competitive culture (Krishnamoorthy, 2014).

Many times force fitting results in distributions that are not normal but are forced to be so. Studies done by researchers such as Aguinis & O'Boyle (2014) have shown that opposite to popular belief, performance distributions usually follow a Paretian distribution. Force fitting a Paretian distribution into a normal distribution results in a faulty bunching of employees resulting in a decrease in motivation, increased intention to quit and consequentially decrease in firm performance. In this paper, we try to understand the primary drawbacks of the normal distribution method of performance appraisal and make an attempt to understand how a firm can have multiple levers to assess an individual's contribution. Such multiple levers can be used to make important employee development related decisions. We also discuss the primary constraints in the business environment that are amplifying the fallacies in the current system of performance appraisal. In the end, we suggest two models. One of the models can be utilised to assess an individual's performance for taking decisions with respect to role enhancement and vertical mobility. The second model can be utilised to determine an individual's compensation. This twin approach will reduce the dependency on one particular measure and bring more objectivity and transparency resulting in employee's perception of procedural justice with respect to performance appraisals.

Research in the field of performance management

Recent academic research in the field of performance management has mostly focussed on the outcome and assessment of current appraisal practices rather than evolving the process itself. Studies such as Kwak & Choi (2015) have investigated the effect of discrepancy in appraisal rating on an employee's turnover intention. Similarly Budworth, Latham & Laxmikant (2014) and Bernardin, Thomason, Buckley & Kane (2015) evaluate the current system of feed forward interviews and rater rating level bias respectively. Though scant new approaches to talent and performance management have started to gain attention in the academic literature (Lopes, Sarraguça, Lopes & Duarte, 2015, Buckingham & Goodall, 2015).

Table 1: Relevant recent research

Authors	Title	Qualitative/ Quantitative/ Conceptual	Unit of Analysis	Sample(Size, Country, Sector)	Theory/Concept	Results
Kanga & Shenb (2015)	International performance appraisal practices and approaches of South Korean MNEs in China	Qualitative	Individual (Managers)	20 senior managers in the subsidiaries of 10 Korean MNEs in China	International performance appraisal practices Appraisal procedures and methods	South Korean MNEs tend to adopt an ethnocentric approach to managing performance appraisals for expatriates and an integrative approach for host country-nationals by transferring their home appraisal practices to their Chinese subsidiaries.
Kwak & Choi (2015)	Effect of rating discrepancy on turnover intention and leader-member exchange	Quantitative	Individual (R&D workers)	147 R&D workers	Turnover intention and leader-member exchange (LMX)	It was found that there were nonlinear relationships between rating discrepancy and turnover intention and LMX, respectively, and that these non-linear relationships were not symmetrical

Harrington & Lee, (2015)	What drives perceived fairness of performance appraisal? Exploring the effects of psychological contract fulfilment on employees' perceived fairness of performance appraisal in U.S. federal agencies	Quantitative	Individual (Public organisations)	Federal employees	Psychological contract, perceived fairness	This study concludes that psychological contract fulfilments have a positive relationship with perceived fairness of performance appraisals.
Bernardin, Thomason, Buckley & Kane(2015)	Rater Rating-Level Bias and Accuracy in Performance Appraisals: The Impact of Rater Personality, Performance Management Competence, and Rater Accountability	Quantitative	Individual (Associate Store Managers)	Associate store managers (125)	Five-Factor Model of personality, competence in performance management	Performance management competence was related to rating-level bias in both high- and low-accountability conditions and contributed incremental validity in the prediction of rating level and rating accuracy. Our results indicate that the most lenient raters are more agreeable, less assertive, and less competent in performance management. These raters may also be less accurate.

Lopes, Sarraguça, Lopes & Duarte (2015).	A new approach to talent management in law firms : Integrating performance appraisal and assessment centre data	Quantitative	Individual (Senior Lawyers)	61 senior-lawyer sample from a Portuguese law firm	Talent Management	Results indicate support for the predictive validity of the assessment centre. The lower and variable ratings assist in reducing the bias in rating. The new method allowed better talent identification of lawyers.
Shahina & Sumod (2015)	It's time to bring performance appraisal into the twenty-first century: The lessons from companies like Cisco, Google and Infosys	Qualitative	Firm level	Multinational firms	Performance-appraisal systems	Determination of a need to have an ongoing appraisal system
Gua & Nolanb (2015)	Performance appraisal in Western and local banks in China: the influence of firm ownership on the perceived importance of guanxi	Quantitative and Qualitative	Individual	China, 308 employees and 22 in-depth interviews	Cultural factor guanxi	The influence of gunaxi was found to be strongest in state owned banks and weakest in foreign multinational banks
Pichler et al. (2015)	Leader-Member Exchange, Group- and Individual-Level Procedural Justice and Reactions to	Quantitative	Individual	Supervisor (62) and Subordinates (221)	Organizational justice; procedural justice; procedural	Active management and monitoring of employee perceptions was found to be a critical factor

	Performance Appraisals				justice climate; LMX	
Budworth, Latham & Laxmikant (2014)	Looking Forward to Performance Improvement: A Field Test of the Feedforward Interview for Performance Management	Quantitative	Individual (Managers and Subordinates)	Managers (25);Employees(145)	Goal-setting theory	Feedforward intervention increased performance relative to the performance appraisal indicates that the effect is a relatively enduring one.

The process of normal distribution in performance appraisals and other alternatives.

The normal distribution has been utilised to describe an assortment of phenomena such as human traits (Yule, 1912) and mental abilities (Galton, 1889). In the field of economics, it has been utilised to explain trends in stock pricing (Bronzin, 1908). Due to the prevalence of normal distribution in explaining multiple scientific phenomena and economic trends, it has seemed rational to accept that normality can also explain the variation in individual performance. In performance management system, the normal distribution or “Bell Curve” system of appraisal is a forced ranking system that is implemented as a workforce management tool. The fundamental premise underlying this tool is that a firm should be able to identify its best performers or overachievers and worst performers or underachievers and place the rest in the middle. The specific proportion can vary. This concept of assessing performance in firms is not new. In the earlier half of twentieth century, Ferguson (1947) suggested that “ratings for a large and representative group of assistant managers should be distributed in accordance with the percentages predicted for a normal distribution” (p. 308). This thought proposed by Ferguson continued through the years and consequently leading the management scholars to assume that normality in performance of a job is a given fact. They even enforced it upon the observed distributions even if the observed distribution did not have normal properties. Figure 1 enumerates a typical appraisal process that follows the normal distribution.

Process	Work flow	Advantages and Disadvantages
• Employees does self appraisal based on her/his perception • Self appraisal generates a rating on the scale defined by the firm	Employee (Appraisee)	**Advantages:** • Employees get a chance to enumerate their achievements & makes the process inclusive of all stakeholders • Induces some degree of stress that in turns drives performance **Disadvantages:** • Many times employees are not realistic in their assessment and exhibit appraisal related behaviour resulting in short term orientation. • Politicking, impression management and lack of team work is witnessed
• Line Manager does appraisal of the employee based on her/his perception and available data • Line manager's appraisal generates a rating on the scale defined by the firm • Line Manager force fits all reportees to a distribution (generally a bell curve)	Line Manager (Appraiser)	**Advantages:** • Self and manager's appraisal are available for comparison ensuring transparency. • Comparative curve fixing brings in competitive culture in the team • Managers have the flexibility to do positive discrimination between good, acceptable and poor performance **Disadvantages:** • Force fitting can be subjective and political • Many times performances may not be normal, but a pareto distribution • Handling the human side becomes contentious
• BU head approves line managers rating or returns it back in case it has to be changed • BU heads aggregate ratings forms a common distribution for her/his unit • Any outliers are force fitted	Business Unit Head (Reviewer)	**Advantages:** • Unit level comparison ensures parity across teams • Allows the BU head to know who are the best performers in the unit. **Disadvantages:** • The errors committed by the line managers in appraisal gets amplified in further force fitting • Special and unique cases are lost in the crowd
• One common curve is created at the firm level post compilation • Rewards are decided based on their position in the curve • Promotions and other career linked moves are also decided based on the position in the curve • Employees who are in the tail end are administered consequences as per policy	Firm Level (Moderation)	**Advantages:** • Firm gets an objective lever to decide on reward disbursal and giving promotions/ carer movement • Firms get to know the top employees • Firms can weed the underperformers **Disadvantages:** • Managers who create a superstar team get penalized due to force fitting • Firm, team and business level collaboration face adverse impact • Treat every employee with the same yardstick impacting the firm culture

Figure 1: Typical Appraisal Process

Some scholars have gone against the prevalent view and have argued that performance may not always follow a normal distribution (Bernardin & Beatty, 1984; Murphy & Cleveland, 1995; Saal et al., 1980; Schmidt & Johnson, 1973). It was proposed by Jacobs (1974) that in activities such as sales there is small group of employees who possess superior selling abilities, and they dominate revenue generation. In such cases where performance output does not follow a normal distribution, non-normal power law distributions may be applicable (West & Deering, 1995). Non-normal distributions such as Pareto's (1897) Law have fatter tails as compared to those present in a normal curve. Paretian probability distributions therefore allow more number of extreme values to be present. The striking difference between a normal distribution and a Paretian distribution can be understood when we consider a value that is around three standard deviation from the average. In the case of normal distribution, such a value would be considered as an outlier. On the other hand in the case of a Paretian distribution, this would be one of the most common values (e.g., Orr, Sackett, & Dubois, 1991). Paretian distributions, therefore, would question the elimination of such value as an outlier.

Also, apropos to human resource management in specific is that if performance functions follow Paretian distribution, then it should follow the same distribution in spite of the level of analysis. In other words, the distribution that is gets created for individual performance should closely follow the distribution of firm performance. We find that academicians who study firm performance do not essentially assume that the underlying distribution is a normal distribution (e.g., Stanley et al., 1995). Therefore, it is important to understand that a bell curve may not be fundamentally appropriate for measuring employee performance but other distributions such as Paretian distributions may be found to be more relevant.

Drawbacks of normal distribution in performance appraisals.

HR management processes and practices cannot guarantee a firm's success in isolation. Human resource processes and practices enable the creation of context for building a valuable human resource. Through such processes and practices, a firm can enhance an employee's ability and motivation by providing them appropriate opportunities (Jiang, Lepak, Hu and Baer, 2012). When a firm operates in a dynamic environment, a solitary focus on bottom-line leads to dysfunctional consequences for the long term sustenance of firms (Levinthal and March, 1993). In their seminal paper on ambidexterity, Levinthal and March (1993) suggested that apart from exploiting the existing capabilities, a firm needs to explore new opportunities to turn the dime in a rapidly changing exogenous environment. From the operational perspective, such unitary focus on exploitative activities render line managers inflexible and lack adaptivness to execute simultaneous exploration and exploitation. Performance appraisals that follow a normal distribution and that compel employees to be force fitted in a bell-shaped curve are efficiency-focussed. Such human capital management tools are utilised to contain cost, boost efficiency and increase the bottom line of the firm. In order to be able to nurture manpower that has the ability to work on both exploitative and exploratory endeavours, the appraisal process needs to be more development-oriented with long-term orientation (Chan, Shaffer, and Snape, 2004; Collins and Clark, 2003). Normally, appraisals have been found to be result based with little weight given to behavioural based criteria. The system has to be adaptable to shift between the twin criteria of evaluations when assessing employees working on exploratory or exploitative work activities.

Alternative methods of performance management

Performance appraisals need a radical shift and need to become more employee centric. To dilute the subjectivity and bring transparency in the system, the employee should be empowered to become the architect of her/his career progression (Baldassarre & Finken, 2015). This will foster the creation of a context that will enable motivated and engaged employees. To bring forward a more progressive and development-oriented performance appraisal system, the organisation has first to reduce the chronic focus on efficiency-focussed human capital management tools. Performance management systems that enforce normal distribution is one such tool. Also, the dependence on a single lever of measuring performance for both vertical mobility as well as determination of benefits is not conducive. To tide over such discrepancies, a twin lever model is suggested to assess an individual's performance. The two levers are role and vertical mobility maturity index and reward index. The first index can be utilised to assess an individual for higher positions and responsibilities in the organisation. The second index can be utilised to allow the individual to determine his/her rewards package based on measurable contribution and current market indicators. This will ensure a sense of procedural justice within the organisation as both vertical mobility/role enhancement and rewards determination is not dependent on a single individual performance factor that gets generated due to 'bell' curve fitting. Figure 2 exhibits the multi lever performance appraisal system.

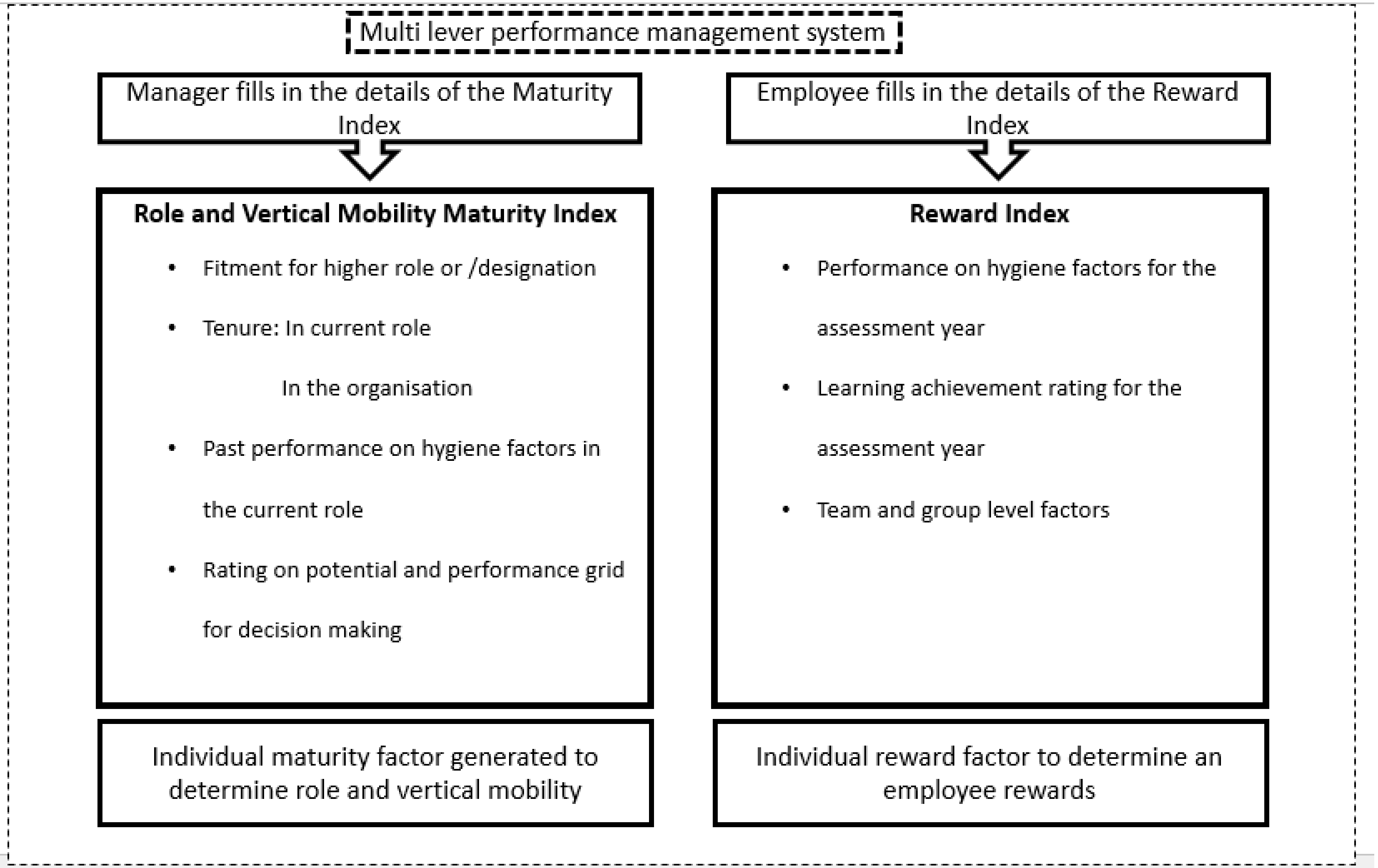

Figure 2: Suggested Multi Lever Model

Role and Vertical Mobility Maturity Index

From the perspective of an organisation, career mobility can be both horizontal career mobility and vertical career mobility of an individual which can create value for the employee as well as the organisation (Anderson, Milkovich, & Tsui, 1981).While mobility can be horizontal as well as vertical, horizontal mobility is more focussed on development of an employee as it stresses on cross-functional roles instead of upward movement in the hierarchy (Arthur & Rousseau, 1996). Vertical mobility alludes to career success in the form of salary increment, promotions, and other rewards (Feldman & Ng, 2007). Vertical mobility therefore signifies both extrinsic rewards (e.g., higher pay, status, perks) and factors that are intrinsic to nature (e.g., fulfilment of self-esteem needs, power to change the organizational direction, sense of achievement).

To gauge an individual suitability for vertical mobility and role enhancement, we suggest a composite role and vertical mobility maturity index. The index consists of four primary contributing factors that are discussed individually below.

Fitment for higher role or/ designation

Fitment for higher role or designation is normally done by observing an employee's performance in situations that require high order cognitive thinking and maturity. Organisations normally expect individuals to be performing the desired role for a period before the actual promotion. This allows them to gauge an individual's performance and suitability for the upgraded role or position.

Tenure in the organisation and the current role

Extended tenure in a particular organisation can lead to imbibing the culture and values of the organisation. Also, extended tenure can lead to a development of strong network and ties within the firm that can expedite work especially in organisations that have multiple structural silos. Extended tenure increments firm-specific tacit knowledge that is spread across multiple structural silos in the firm. Zack (1999) explains tacit knowledge as "subconsciously understood and applied, difficult to articulate, developed from direct experience, and usually shared through highly interactive conversations, storytelling, and shared experience". Tacit knowledge is supposed to be embedded partially in the psyche of individuals (Brown and Dugid, 1998; Grant, 1996) and is found to be resistant to codification (Baumard, 1999). It cannot be easily imitated; it is rare and presents value to the firm. Research alludes to the fact that it is an expensive proposition to transfer tacit knowledge across firm boundaries (Bouty, 2000). Extended tenure, therefore, provides a sustained exposure to augment firm-specific tacit knowledge and hence is a critical factor in deciding on role enhancement and vertical mobility.

Past performance on hygiene factors

Hygiene factors when discussed in the context of an individual's performance are that absence of which can cause dissatisfaction with the firm leadership. The presence or achievement will cause neither satisfaction nor dissatisfaction. These parameters are a given to be achieved for a particular role. Hygiene factors can be such as revenue discipline during project execution, sales target and a number of customer accounts added. Individuals who falter in achieving the basic hygiene factors get a low score on this parameter and hence diminish their chances for vertical mobility and role enhancement.

Rating on potential and performance grid for decision-making

An individual is assessed by his superiors collectively on a grid of potential and performance. This matrix of potential and performance gives nine output cases with the top rightmost square in the grid indicating employees who have the highest potential for leadership. It also assists in segregating employees who have high potential to advance but may be underperforming as they are in the wrong role or job. Such employees show high potential but current low performance. Also, employees who have high potential to advance but may be exhibiting medium performance due to exogenous factors such as economic or market conditions can also be identified. Such employees can also be marked for upward vertical movement.

The combined result of the index can provide the suitability of an individual for promotions. This broad-based index is much more suitable than an individual performance factor that is provided post-fitting of the 'bell' curve.

Reward Index

Performance management systems that follow normal distribution to rank employees utilise the ranking to disburse rewards. The employees in the top bracket get the maximum benefits. Such dependence on the individual performance factor and consequent banding leads to politicking, impression management. A lack of teamwork is also witnessed especially when the appraisal period nears. Also when a 'bell' curve is fitted, the errors committed by the line managers in appraisal gets amplified in further force fitting. Also, unique critical cases are lost in this process of force-fitting. This leads to attrition of good employees. From a behavioral perspective to maximise their rewards, employee exhibit appraisal-related short term behaviour. Such behaviour is usually short term oriented and can have a detrimental effect on the long-term sustenance of the firm. Employees who have unique skills that are highly rewarded in the market also do not get any premium resulting in loss of such employees.

To compensate for the anomalies mentioned above, we suggest a separate reward index that is to be solely utilised for fixing annual rewards and benefits. The flexibility entailed in this index virtually allows the employee to fix his/her pay check. Such a fixing will not be detrimental to the firm owing to the additional value such an employee will bring to the organisation repertoire. This allows rewards to get calibrated as per market conditions and future needs of the organisation.

Performance on hygiene factors in the preceding year

An employee's performance on the hygiene factors such as revenue recognition, achievement of sales target, fiscal discipline, etc. are important factors that need to have a contribution in deciding an employee's rewards. Suboptimal performance should reduce the rewards whereas higher than required should be suitable rewarded. The contribution of this factor to the composite reward index can be fixed by the organisation based on multiple factors such as exogenous conditions etc.

Learning achievement rating for the assessment year

The new economy is experiencing a paradigm change with knowledge becoming vital to economic activity. Both employees, as well as organisations, make an investment in human capital to enhance the knowledge stock within the firm (Sonnenfeld and Peiperl, 1988). There is a new found significance of intellectual capital for innovation and consequent generation of firm-level advantage (Flood, Turner, Ramamoorthy & Pearson, 2001). With a dynamic exogenous environment, it is critical for individuals to accumulate and invest in knowledge in order to remain employable (Pang, Chua, & Chu, 2008; Groot & De Brink, 2000; Smith, 2010; Juhdi, Pa'Wan, Othman & Moksin, 2010). Kulkarni and Ramamoorthy (2005) suggested that employees who operate in a dynamic environment have to invest continuously in enhancing their skills. It is, therefore, important for an individual to always stay ahead of the curve when it comes to learning new technologies and skills. For the organisation as well it is important to have a workforce that is skilled in latest tools and technologies to exploit opportunities presented by a changing marketplace.

The above text makes it amply clear that learning has to be a part of the index that determines employee rewards. A firm can provide a basket of skills that it feels will be required in the coming years, and the employee can choose one out of the basket at the beginning of the year. An employee ability on the skill chosen can be measured by standardised tests. The rating on the test will objectively define the component that is apportioned to learning in the rewards index.

Team and group level factors

As mentioned, the biggest casualty of 'bell' curve is the reduction in teamwork and collaborative information sharing. Employees exhibit appraisal specific behaviour so as to get banded higher than their co-workers and do not share knowledge and information. To develop a team and collaborative working it is essential to tie it with an individual's reward. The reward index can have objective parameters such as the number of knowledge sharing session conducted, the number of time assistance provided to a team member and an ability of an individual to work in a team. Such factors can have a definite percentage in the index while determining the rewards and this percentage can change depending on the role and responsibilities of the individual.

A composite score on the reward index can objectively determine an individual salary. Such an index will also ensure a sense of procedural justice and assist in employee retention.

Upside down Approach to Performance Appraisal: A Case Study

Introduction to the organisation

The subject of the case is a prestigious captive firm working out of India that provides corporate IT services to its parent and its family of companies. It works as an extension of the core Information Technology team of the parent company, located in the United States. The main role of the Indian entity and the core IT team of the parent company is to maintain mission-critical systems used by parent firm and its subsidiaries. The captive was established in 2009 and is one of the fastest growing captives in the country. It has an employee strength of more than 1200 who are constantly engaged in technology intensive work. The portfolio of activities conducted by the captive includes but not limited to systems integration, delivery, product support, e-commerce and managed services supporting business critical applications for the parent firm working in the retail space. It provides intensive business solutions in the domain of pricing and marketing, e-commerce, mobile engineering, business intelligence and analytics, retail stores solutions and supply chain management.

Organisation culture

The organisation culture is built around a tag line of primacy of members who shop in its stores across the world. The basic tenants of the culture pertain to ownership, learning and innovation, embracing feedback for improving services and to work hard to earn trust. The firm strives to attain operational excellence to drive results that are profitable and sustainable. The ultimate goal is to deliver a 'wow' experience to the members. The culture encourages associates to embrace technology and be amenable to change. The captive aspires to assist the parent firm become the world's greatest integrated retailer.

Legacy performance management system

The captive followed a goal setting based performance appraisal system. The firm followed a normalisation process to band its employees as star, excellent, average and do not meet expectation. The salary increments were linked to the band in which the employee belonged. In 2014, an employee in the 'star' band got an increment of 18%, in the 'excellent' band an increment of 15%, in the 'average' band an increment of 10%. Employees who were in 'do not meet expectation' band did not get any increment and were put on a performance improvement plan (PIP). Their performance on PIP decided their continued employment with the captive.

The employees broadly concurred that the appraisal process followed in the organisation was transparent. After every appraisal, despite best in industry increments and a transparent process, employees who were rated had issues with the overall process. This voiced at various forums and through feedback sessions that were conducted by HR. The general feeling was that though monetarily satiating, the process of performance management needed corrections. Two major red flags were raised about the process. Firstly, although stepwise transparent, the appraisal process was susceptible to manager's biases. This subjectivity spawned short term appraisal linked behaviour from employees. Secondly, employees felt that the feedback discussion was a post hoc exercise where managers pointed out what went wrong. The appraisal process though followed goal setting at the beginning of the year. The interpretation of the goals were highly subjective. This lack of unclear expectations led to increased subjectivity in the exercise. In spite of giving higher than market average increments, the employee perception about the performance appraisal system was not encouraging.

Reversing the ownership

To build confidence in the performance management system, the captive reversed the ownership structure in the performance appraisal system. The appraisal system was redesigned so as to allow the employee to decide the amount of value he/she will bring to the organisation. The HR worked on building objective criteria for movement from one role to another and this documentation was freely available. As a first step in the new appraisal process the Bell curve was eliminated, this helped us to build trust with associates in this new process. All associates were provided with "meet expectations' as their rating.

The performance management system was built on four pillars.

- Awareness of the current role readiness for future role
- Total rewards
- Enrichment and generation of value for both individual and firm

To build awareness of the current role the associate had undergone an assessment of his/her behavioural and technical competency for the current role. Areas of responsibility are already clearly defined and easily accessible in the form of documentation. Based on the assessment the individual formulates his/her individual development plan. In this plan, the employee also defines certain stretch goals for him/herself. These stretch goals are in the form of projects that the associate will undertake and is recorded on a central portal and is approved by the firm leadership. The outcomes of these projects are supposed to bring value addition to the form's technical repertoire, solve a persisting problem or build a disruptive solution. A feed forward discussion is done where the expectations for the coming year is made clear at the outset, and a periodic follow-up is done.

To assess the employee's readiness for a future role, an assessment of behavioural and technical competency is done. This along with success on stretch goals allows to get a complete picture in readiness for future roles. The scores mentioned above and special achievement of stretch goals determines an individual's salary. All in all the new process removes subjectivity and biases from the appraisal process. It reverses the pyramid of ownership and makes the individual responsible for his/he vertical and role mobility as well as better benefits. This greater associate ownership also allows an agile culture by incrementing entrepreneurial orientation in task execution. This continuous engagement and self-determination of growth empowers associate and allows them to decide the pace of growth they want.

Conclusion

Performance management systems when not managed well can be counterproductive and do more harm than good to the firm. It can be concluded that giving ratings to employees and grouping them in bands is not an effective way to do performance management. It has been argued by multiple academicians that ratings do not provide information about the individual being rated. It provides more information about the unique rating tendencies of the rater. Therefore, rating mechanisms and bell curve fitment tell us more about the manager who provides ratings rather than the employee getting rated. Most rating mechanisms have an implicit component of providing feedback on the year gone by. Such post hoc analysis does not add any value, neither does it assist the employee in doing any course correction. Using an employee-driven approach to performance management system that creates value for the employee and the firm will be much more conducive.

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