



Is it Time to Bid Adieu

By BAKUL DHOLAKIA

Leverage Potential of Employees

For times immemorial, organisations have endeavoured to get the best out of the people working with them. But now, performance appraisal is all about performance management. It has become one of the most difficult and tricky terrains for managers, worldwide. Systems have evolved as a holistic developmental tool for managing the performance of people in an organisation. The use of quantitative tools to get an objective view of the performance of an individual also came into the picture.

Then, in 1994, Herrnstein and Murray came up with their seminal work: *The Bell Curve: Intelligence and Class Structure in American Life*. They argued that intelligence is measurable across racial, language and national boundaries, and is one of the most important factors related to the economic, social and overall success of a country. They said it was not possible to manipulate IQ and, therefore, future success manipulations were unlikely.

Soon, it was adopted

across the globe. The bell curve demanded organisations to classify employees under three categories: high, average and low performers. While there were significant advantages of its use, there were disadvantages, too. The model suggested that high performers will be further motivated and continue to improve if they were given incentives such as stock options, performance bonus, paid holidays, etc. This, in turn, would make the average performers aspire to be part of the high performer category and with the help of training modules, improvement programmes, etc., it will increase the overall productivity and ensure accountability across the organisation. The bell curve was appropriate for an organisation with a large workforce, but could not be effectively implemented on a handful of people. The doubt about the fairness of the classification also loomed large.

The context in which it was introduced was very different from what it is now. Today, generations

that were subjected to this system are very different in terms of aspirations and ambitions, psychological make-up and mind-set, and value system. The times when employees were considered as a factor of production have also evolved to a time when employees are acquired and retained to help them realise their potential for growth and performance. Earlier, there were sufficient examples where employees would be categorised in a lower category despite very good performance. If this happened once, it could be a one-off incident, but if it happened repeatedly then it would result in enhanced levels of anxiety and frustration, and would become counterproductive for the organisation.

Some organisations realised the negative impact of the system and did away with it. Like all systems, implementation was key to the success or failure of the bell curve. Paucity of time on the part of the manager and little understanding about the staff led to failed implementations because

everyone wants to get over with the process. Sincerity and developmental assessment is what is required. This would ensure any such system of classification works. It is important to have classification, but that should not mean we place people in them to make it look complete. It seems the time has come when you need to have more categories instead of the existing three: high, average and low performers, and a real-time approach to putting each employee's performance on record as and when it happens. Any performance management system has to have both rewards and penalties, but should ascertain and achieve a productive outcome, as against a mix of productive and counterproductive, or underproductive, outcomes. The underlying principle has to be about leveraging the potential that employees bring to the organisation and making the best use of it. That will come only with a positive productive view to performance assessment. ♦

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