

Strategic Advisory Service
for Human Resources

Promoting Excellence in Performance Management

Concept Note

July 2004



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The Strategic Advisory Service for Human Resources (SAS-HR) works to strengthen the human resources network of the Consultative Group for International Agricultural Research (CGIAR). It devises strategies that recognize the diversity and autonomy of each participating CGIAR research center, define short- and long-term needs with staff and management, create solutions, and help establish a virtual community of human resources professionals in CGIAR centers, donor agencies, and partner institutions.

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Abstract: This paper is intended to facilitate the development of a consistent, common approach to Performance Management tailored to the needs of the CGIAR and its research organizations. After describing the concept and possible goals of effective performance management, the authors present design elements and pose options that will help organizations to develop a customized Performance Management system and an effective implementation plan to support their business strategies. The authors present a process for developing a performance management system, and for linking it with other systems for human resource management that deal with issues such as rewards, career development, and succession planning. The paper also offers some ideas that may help organizations to monitor the impact of their performance management systems. This paper draws information from a variety of sources. These include literature including comparative study of performance appraisals in several international organizations, global trends, feedback from training programs, and personal experience.

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Contents

1. Why this Paper?	1
2. The Business Case	2
3. Supporting Values	3
4. Design Elements	4
5. Implementation Issues	17
6. Conclusion	23

Performance Management System (n.) An integrated set of values, systems, and tools designed to ensure effective delivery of the business strategy of an organization by its staff members and business units. It is achieved by clearly linking organizational goals to the personal goals of staff members, establishing appropriate performance indicators, measuring performance objectively against such indicators, and by creating appropriate rewards and consequences for people linked to their levels of performance.

1. Why this Paper?

A strong Performance Management System is critical to ensure the effective realization of an organization's vision and strategy. The CGIAR organizations participating in the SAS-HR Program have identified the need to develop their current Performance Management Systems to improve organizational effectiveness.

This concept note:

1. *Creates a baseline document* to define the underlying values, vision, and framework for developing effective Performance Management Systems and associated processes. This baseline will facilitate the development of a consistent and common understanding and language.
2. *Defines the design elements* required to help organizations make the decisions involved in creating a Performance Management System customized to their needs.
3. *Provides a framework* to evaluate the effectiveness of the selected system and process.
4. *Provides guidance* on critical aspects of implementation.

2. The Business Case

There are several compelling business reasons for developing a strong Performance Management System in Centers. The following are among the most significant:

- *We are knowledge-based organizations whose success critically depends on the effectiveness of our staff members.* Staff costs account for almost 50% of CGIAR operating expenditure and the effectiveness of the CGIAR cannot be enhanced without a long-term improvement in the performance and output of its staff members.
- *We are in a war for the best talent.* An important challenge for CGIAR is to attract and retain high performers. Research findings indicate that high-performers are motivated by three inter-related elements:
 - o Clear definition of what is expected of them.
 - o Freedom and resources for them to operate and meet agreed objectives.
 - o Regular and honest feedback from a credible source.

An effective performance management system is the primary tool to meet these expectations so that high-performers can be attracted and retained.

- *Our stakeholders expect high levels of organizational effectiveness.* CGIAR Centers are under increasing pressure from stakeholders to demonstrate output and impact. Ultimately all organizational output is the sum of the individual outputs of staff members. A strong Performance Management System is the cornerstone for effective delivery.
- *An effective performance management system helps us to attain superior performance and maintain our competitive advantage.* In an increasingly complex and competitive environment the imperative for continuous performance improvement is unrelenting. An effective Performance Management System lies at the heart of this endeavor.

- *The CGIAR is committed to developing the capacities of its staff, especially women and men from developing countries. So far, there has been minimal focused and sustained investment in training and development. The Performance Management System is the primary tool for identification of training and development needs of staff members and for assessment of their potential.*

3. Supporting Values

The way performance is defined, assessed, and rewarded is primarily driven by the value system of the organization. The views of an organization on values such as equity, inclusiveness, and transparency, etc., shape the design of the system and the way the system is implemented.

The basic values that underpin an effective performance management approach are:

- A fair set of rules applied consistently to all staff.
- Clear agreement on mutual expectations by staff member and supervisor at the beginning of the performance management cycle.
- Adequate authority and resources to deliver the agreed objectives.
- Continuous and consistent assessment of performance by those who have direct control and knowledge of the staff member's work.
- Regular and honest feedback to staff member supported by coaching.
- Meaningful consequences for different levels of performance.
- Provision of professional development opportunities to enable all staff members to realize their full potential and make their best contribution to the organization.
- Rewards commensurate with the levels of performance.
- Sharing of all information and assessments with the concerned staff member.
- Regular two-way communications with staff members in all stages of the process.

4. Design Elements

A Performance Management system can create an environment that facilitates the realization of several objectives. This section describes the key design elements and options to facilitate an organized series of decisions that will ensure creation of a customized Performance Management System. Once the design elements are carefully chosen by the leadership, they will facilitate the design of the system and later serve as elements for evaluation of its effectiveness.

4.1 The purpose of performance management

The first important design element is the purpose of the Performance Management System. While a system could be designed to achieve all the objectives listed below, it is essential to:

- Make clear decisions regarding what the system should and need not address.
- Communicate this clearly to all staff members.

The Performance Management System can be designed to:

- Link objectives of the Organization to the performance plans and indicators of individual staff members through alignment and commitment.
- Appraise performance of individuals or teams.
- Reduce the subjectivity in assessment.
- Assess one or all of the following:
 - Achievements during the assessment period against agreed objectives.
 - Current competency levels.
 - Potential for advancement.
- Link compensation and reward to levels of performance.
- Facilitate continuous professional development and career progression of staff members through identification of training and development needs.

- Facilitate career advancement and succession planning.
- Ensure continuous improvement in performance. Reinforcing this purpose will explain:
 - o the need for assessment of individual performance in relation to those of the peer group; and
 - o that a static performance level would lead to decline in ratings from one assessment period to another.
- Ensure clear communication of expectations, performance indicators, and reward possibilities between the management and staff members.

While the chosen objectives are always implicit in a system, it is essential to make them explicit in documentation, communication, and training.

4.2 The assessing authority

The person(s) responsible for the performance assessment of a staff member has to be decided and clearly communicated. The high levels of decentralization and empowerment that modern organizations are trying to achieve drive towards an approach that has the least number of management levels involved in the assessment process.

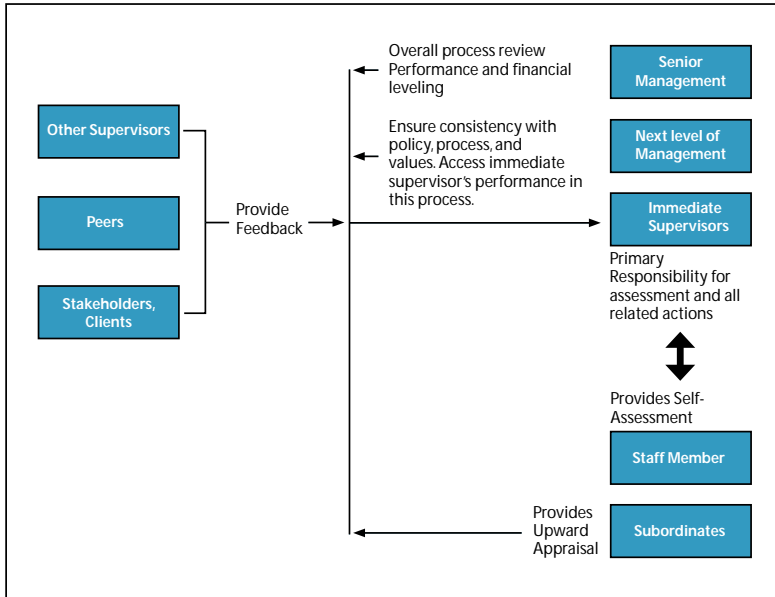
The normal roles of these levels are described below.

Staff Member

The role and rights of the staff members should be clearly defined. This will substantially improve communications and the Performance Management process. The questions that need to be answered in this context are:

Should the staff member:

- Agree and sign off on the objectives set at the beginning of the performance period?
- Provide input through a self-assessment?
- Have the right for a formal discussion and constructive feedback when the final report is prepared?



- Sign the performance appraisal form after a discussion with the supervisor?
- Document disagreements?
- Have the right of appeal in case of disagreements with the assessing authority?

Immediate Supervisor

The immediate supervisor has the primary responsibility for performance management and all consequences based on the results of the assessment. In case of multiple supervisors, one of them usually acts as the immediate supervisor and integrates inputs from other sources.

Next Level of Management

The next level of management ensures consistency with policy, processes, and values and assesses the immediate supervisor's performance in relation to the peer group. This review focuses on how well the immediate supervisor assesses performance, motivates staff, and facilitates the best contributions

from the staff who report to him. This review has a major impact on the performance assessment of the immediate supervisor.

Senior Management Team

The senior management team conducts an overall review of the process and makes changes to policies and systems as required. In some cases they also review the performance rating distribution to ensure consistency across the organization and for financial leveling.

Multi-Source Evaluation Systems

Systems such as the 360-degree appraisals involving upward feedback, peer review, and customer feedback are becoming established practices in performance management. Obtaining input from various perspectives reduces subjectivity and facilitates the overall development of staff members. In such systems, the following additional inputs are obtained for either assessment or development purposes:

- Subordinate: Provides upward appraisal feedback on the staff member's performance to the immediate supervisor.
- Peers and customers: Provide feedback on the staff member's performance to the immediate supervisor.

The most important decision to be made in this regard is whether the feedback will be used for professional development of the staff members or as part of the performance assessment of staff members or both. This has major impact on the design of the system, consultation with staff, and in communications.

4.3 Transparency

The decision regarding transparency and access to documentation by staff members is a key design criterion.

- Organizations are moving towards complete transparency in appraisals. This would mean that every staff member has the right to see everything related to performance assessment that is placed in his/her file.

- Potential rating and succession plans are treated as strategic management plans. Many organizations do not share such plans with staff members. Only the elements of a succession plan required for personal development are shared with the immediate supervisors and the concerned staff members.

4.4 Assessment methodology

Several methodologies are used to assess performance and often combinations of these are employed.

Simple Ranking

The assessor has to make judgment of the staff performance on a forced choice scale. The performance factors and the values of the scale are sometimes not explicitly defined. An example is a simple ranking system for all staff. This has to take into account all aspects of individual performance in relation to the peer group and convert it to a single score.

Behaviorally Anchored Rating Scales (BARS)

The assessor has to make forced-choice judgment based on pre-defined levels of performance. The choices are explained by defining performance in terms of outputs, standards, and behavior that characterize the defined levels of performance.

While various aspects such as goal achievement and current competency levels are often calibrated, the integration of all such elements into the overall rating is mostly judgmental. Many organizations have experimented with numerical models. The automatic integration of such scores has not been successful. The current thinking is that evaluations of different aspects of performance are tools to enable the supervisor to reduce subjectivity and make a better judgment. Performance assessment, being a complex and human process, has to rely on the right and responsibility of the supervisor to make a good judgment.

Example: A four-point scale for overall performance rating includes: Superior, Good Standard, Needs Improvement, and Unsatisfactory. Guidelines and typical behaviors at different levels of performance are often described.

Management by Objectives (MBO)

The assessor has to judge performance in relation to the objectives of the staff member. Judgment may be a narrative response or on a forced choice scale or both.

Narrative

The assessor provides narrative review and comments about performance attributes such as performance in general, potential of the staff member, and future development actions required. This is also used to get qualitative feedback from the next level of management, peers, customers, etc.

No method has emerged as superior to others and opinions vary widely. Some studies have concluded that the method is less important for success than other factors such as organizational culture and competencies of the supervisors. One study reports that mixed methods combining MBO with rating scales appear to be the most frequent choice.

4.5 Frequency of formal assessments

Performance assessment is a continuous process. But periodical formal assessments across the organization and documentation of the results are essential. So, the frequency of formal assessment is an important design criterion. Most organizations conduct formal assessments annually. Outstanding performers and those who are below the acceptable level receive more frequent reviews.

The immediate supervisor is increasingly being given the option to decide how frequent the review should be. Frequency of assessment could be by agreement between the staff member and the immediate supervisor.

4.6 Assessment criteria

Performance appraisals require judgment by supervisors based on specific criteria in order to reach general conclusions. The criteria used and how they

are calibrated are complex aspects of the assessment process. Various criteria used can be grouped under two major categories:

- Achievement. This has two elements:
 - Compliance with the job description and a standard set of outputs. This is very relevant to routine processing jobs and at lower levels in the organization.
 - Work output as per agreed objectives for the assessment period.
- Competencies including behavioral norms.

The key decisions involved are:

- whether to assess achievement, competencies or both; and
- the relative weight to be assigned to each.

Achievement and Competencies are further described below.

Achievement

The main difficulty is in defining how to measure achievement. Traditionally, output indicators have focused on results achieved and output. These are usually quantified in any combination of the dimensions of Quality, Quantity, Time, or Cost.

The other issue is whether individual or team outputs should be assessed. With increased emphasis on teamwork, team results are being given increasing weight.

Many systems employ organizational strategy in a holistic manner, quantify it, and bring it to the level of the individual. The Balanced Score Card approach has been widely adopted by both commercial and non-profit organizations. While the specific methodology is not important, understanding and meeting requirements of stakeholders, setting objectives covering a range of perspectives, linking corporate goals to individual goals and setting consistent and measurable performance indicators throughout the organization have now been recognized as integral parts of an effective Performance Management System.

Competencies

Competencies comprise the knowledge, attitudes, and skills that make for outstanding workplace performance. Every role in an organization needs a set of competencies that a staff member will have to be proficient in, to deliver outstanding performance.

CGIAR Centers, being value-driven organizations that rely on internal teamwork and external partnerships to achieve their mission, rely on appropriate behavior of staff members for their effectiveness. Therefore, assessment of behavior to determine *how* goals are achieved and what influence such approaches have had on relationships and networks could be key criteria in the evaluation process.

Competency models are important survival tools for the future success of organizations and competency assessment is now widely used by organizations. Establishment of realistic organizational standards such as competency models will increase the consistency in performance assessment, feeling of fairness among staff members and targeted development of staff.

A focused Performance Management System relies on a well-defined set of competencies required to deliver the organization's vision and strategy and consistent application of it in all its human resource management processes. Many successful organizations are using competency models to create the capacity required to effectively deliver their chosen strategies. Such models underpin the management of the entire career cycle from job design, recruitment, selection, induction, performance appraisal, training, career planning, succession planning, rewards, and exit.

The effectiveness of competency evaluation can be enhanced through introduction of testing for standardized knowledge requirements, testing, or certifications to objectively measure skills, and psychometric tests to identify and build the desired attitudes. However, many organizations have run into serious resistance from staff members on testing for performance evaluation purposes.

Use of competencies for performance assessment has its disadvantages. Competencies do not guarantee performance and output. Traditionally, knowledge-based organizations have tended to place higher weightage on competencies in performance assessment exercises.

4.7 Rating scales

Scales represent standardized symbols for the judgmental decisions made. Judgment brings forward the question of subjectivity versus objectivity. While complete objectivity is impossible in performance evaluation, even the quest for it may distract us from recognizing that essential subjectivity in judgment, which is required of managers. Instead, concentration should be on training managers to avoid typical errors in judgment.

The trend is towards fewer well-defined points on the scale. There is also a move towards even points such as four, six, etc. on the scale to avoid central tendency by taking away a comfortable middle ground provided by odd point scales.

4.8 Assessment outputs

The output elements depend on the purpose of the Performance Management System. The potential outputs are:

1. A score, number, or letter representing overall performance.
2. A work plan for the next performance period.
3. Training and development needs.
4. Assessment of potential for career progression, succession planning, etc.
5. Reward or corrective actions.

The relationship of these outputs with other elements in human resources management is a very important consideration in design.

The rating also plays an important role in pre-screening for promotions and career development. A low performance rating triggers counseling, actions to improve performance, and more frequent monitoring. It could lead to

discontinuation of employment when a staff member does not respond to guidance in spite of repeated counseling and support.

The work plan is used for setting individual targets that align with organization's goals, decide time and resource allocations to different projects and activities, and finalize joint efforts required. This also serves as a review document through the year and for the final performance review at the end of the year.

Identification of training needs at the individual and organizational levels and the creation of an individual development plan lead to targeted training and other actions to continuously improve the competencies.

Combined with the potential assessment, this will facilitate career development and succession planning.

4.9 Linkage with reward

Rewards can be broadly classified into financial and non-financial ones.

Financial rewards usually fall into one-time, recurring, or deferred benefits. One-time payments are usually bonus, commission, profit sharing schemes, promotions, etc. Recurring benefits are salary increases, performance pay, merit increase, special adjustments, etc. Deferred benefits include end of service benefits, stock options, etc.

Non-financial rewards include public recognition, career development opportunities, sabbatical schemes, etc. Some other interesting schemes are award of titles, fellowships, freedom to pursue individual interests, authority over additional resources, team leadership or membership, educational support, freedom to do consultancy work, additional leisure time, etc.

Four important design considerations are:

1. Should rewards be linked to performance?

2. What portion of the total reward should be linked to performance?
3. What types of rewards should be offered?
4. Should rewards be targeted to individuals or teams?

The effectiveness of each type seems to be affected by the kind of work done. In an organization for stimulating creative work, monetary awards may be less effective than the quality of the work environment, freedom, and opportunities.

Compared to salary increases, one-time bonus payments are less costly and more effective in motivating staff. Among bonus programs, gain sharing is less common than lump-sum payments in the public sector. Performance-based merit pay increases are more difficult to design and administer than a bonus system.

To be effective, reward systems must be tailored to fit the nature of each type of work in the organization. This could involve rewarding technical professionals differently than others or designing a reward specifically for team performance.

Some provide continuous rewards based on the savings realized by implementation of the ideas suggested by staff members. Some focus only on outstanding performance.

The dominant approach is to develop a close link between rewards and the outputs of performance assessment. However, this is difficult to achieve in situations when there are concerns about the quality of performance assessment and basic pay equity.

In some protocols, only certain staff members or functions are eligible for rewards. Different financial reward schemes are also designed for staff at different levels.

Some outputs are used for performance appraisal but not for reward. They are usually creative outputs beyond the expected work outputs such as

suggestions, new equipment designs, new software developed, publications, external recognition, etc.

The main question is whether to reward outputs or competencies. Criteria for reward should focus on the specific objectives of the organization or the function. Most organizations reward achievements.

There are wide variations in practices for linking reward to performance assessments.

4.10 Authority to decide reward

Usually one entity is responsible for nomination and another for deciding the award. Responsibility tends to be collective.

Consistent with global practices, the trend is towards decentralization. A very important issue is how much responsibility should be decentralized for rewarding outstanding performance. Staff participation is indicated by peers making nominations, committees screening candidates, and supervisors identifying participants.

In systems where only the direct supervisor and the next level of management are involved in assessing performance, the direct supervisor has primary accountability for the whole process. While implementing such empowering systems, many supervisors find it difficult to exercise the high level of authority that the system provides and would have to be trained, encouraged, and supported.

4.11 Evaluation of impact

How the impact of the system will be evaluated is the final design criterion. The efficiency and effectiveness of the system can be assessed in terms of lead and lag factors.

Lead factors usually focus on dimensions such as number of supervisors and managers trained, effectiveness of communication to staff, how well the

system is understood by all, timely completion of the exercise, distribution of staff across the performance ratings, number of high fliers and poor performers identified, number of career development plans in place, training actions and investment. While lead factors are directly linked to reward decisions, the percentage of financial compensation linked to reward could also be an important factor. These tend to focus more on efficiency of actions.

Lag factors assess impact on the overall increase in staff satisfaction, commitment to the organization, and improvement in productivity and business results. The availability of highly qualified internal candidates for vacancies, effectiveness of the career development and succession plans would also be important factors. These factors focus more on effectiveness.

4.12 Management strength

Performance Management is a long-term, resource-intensive process fraught with several roadblocks on the way. Research has shown that this is the people management function least liked by managers. While introducing a new system that is different in values from the previous one or not aligned to the values prevalent in the external culture, managing the change poses several additional challenges. Therefore, the management should evaluate the following aspects very critically before embarking on a major change in this process.

- The strength of management rests on the willingness to make important decisions among these functions. Make tough choices and take supporting actions. Definitions of many values such as seniority vs merit, competencies vs outputs, individual excellence vs group performance, etc., are not easy and their implementation is even more difficult. The external cultures at different locations strongly influence the expectations of staff members. Sometimes the organizational values could be at odds with the larger external culture. For global organizations, maintaining consistent corporate values and accommodating them within the different external cultures pose a very difficult challenge. Tough decisions will be required

- to support those who embrace the new value system and to deal with those who do not implement them.
- Invest in the education and training of all staff members. A new system could take several years to become part of an organization's culture and during this period, repeated training, coaching, and counseling are required. This means willingness to invest substantial financial resources as well as senior management time.
 - Implement an integrated electronic on-line system to capture the entire performance management cycle. This would increase productivity and cycle time and is particularly important if the organization has decided to use multi-source inputs.
 - Implement the required changes. The Management team has to believe in the changes, role model them, and consistently communicate the message. They should also be prepared to apply the same standards to themselves and the staff members they personally assess and ensure that they do not relax standards in the face of various excuses for non-performance and political pressures.
 - Allocate adequate resources over a long period. A new system could take three to five years to settle down and become part of the organization's culture. This calls for commitment with patience.

5. Implementation Issues

Most performance appraisal systems fail in effective implementation. The most common implementation problems and some approaches to address them are discussed in this section.

5.1 Lack of implementation by the leadership

The senior managers must rate the staff members who report to them with the same rigor and consistent with the system being implemented. Reluctance to apply the same standards to the assessment of senior management performance undermines the credibility of the system.

5.2 Lack of management commitment

The belief in the system and the support from managers and supervisors have to be clear and consistent. A system becomes a way of life only when the whole management team shows commitment and applies consistent standards. Some of the processes used by leaders and managers to demonstrate commitment include:

- o A strong education and communication (EDCOM) program to ensure complete understanding of responsibilities and accountabilities by all staff members.
- o Intensive and repeated mandatory training for all staff on the use of the system.
- o Leaders personally delivering some modules of the training program on the appraisal system to demonstrate commitment and faith and to get first-hand feedback from staff regarding the effectiveness of the system and process.
- o Mandating the training program for all supervisors and managers. Attending the training would be a pre-requisite to assess performance of staff.

5.3 Poor work planning and objectives

Clear work planning and objective setting are critical for effective performance assessment. The common problems associated with work planning include the following:

- Work plans show activities with no measurable outputs. The poor quality of objectives leads to subjective assessments and negotiations at the end of the year.
- The program planning cycle is not synchronized with the performance appraisal cycle.
- Work plans are not done in time at the beginning of the performance management cycle.
- Individual work plans are not aligned with corporate objectives. The

linkages across the hierarchy of objectives do not exist or are not developed as effective tools to make such links and monitoring easy.

- Work plans are not done seriously and are treated as paper-filling exercises.
- Changes to work plans during the cycle are not incorporated through regular discussions between the staff member and immediate supervisor.

5.4 Poor management of poor performance

Several factors contribute to this mindset and behavior. Some of them are:

- Lack of any serious consequences for performance ratings. If everyone gets fixed merit increases and other rewards irrespective of the performance rating, the appraisals do not really matter. Soon it will be treated that way and all levels of performance tolerated.
- Over-rating and low standards applied to performance assessment. If the entire organization is rated at high levels of performance, the ratings lose their significance and meaning. Supervisors then do not see the need to differentiate performance levels.
- Reluctance to demand higher quality of output and discipline. When work plans include routine activities with no stretch in them for continuous improvement, supervisors set low performance standards and expectations that everyone can comfortably meet. This leads to enshrining of mediocrity.
- Reluctance to face up to poor performance. This leads to tacit approval of poor performance. Further, the needs for improvement are neither identified nor acted on. The organizational performance suffers in the end. It is also de-motivating to the high performers, as they see no point in performing well. Over a period of time this breeds mediocrity.
- One of the strong arguments against relative rating systems is that, through successive evaluations, downsizing, etc., the poor performers leave and, therefore, all the remaining staff members are excellent performers. This argument is unrealistic due to the following reasons:
 - o When the objective of an organization is continuous improvement of

performance to maintain its competitive advantage, benchmarks and standards have to go up continuously. What was excellent performance in the past may not be adequate in the future. With changes in work demands and higher skilled peer group, the relative performance of every staff member changes from year to year.

- o This argument assumes that the performance level of a staff member remains static from year to year and can neither improve nor deteriorate.
- o With release of poor performers, productivity and quality benchmarks must increase. Therefore, in every assessment in a relative performance system, there will be a new ranking order.
- One of the most important responsibilities of supervisors is to effectively manage the performance of staff members who report to them. Despite this, many organizations assign low weight to this competency when they assess the performance of supervisors and managers. The skill, the seriousness, and the timeliness with which performance feedback is provided should have greater weight in the performance assessment of every supervisor. The personal interest taken by senior leadership in supporting and monitoring this process plays a significant role in the effectiveness of the system.

5.5 Complicated and extensive documentation

Several inputs are required to carry out performance assessment effectively and objectively, especially in a multi-source input system. Unless simplified and automated, supervisors and managers will spend more time on documentation than on the important process of appraisal. Too much paperwork is a constant complaint from line managers and supervisors.

With manual systems, the performance management process itself becomes very labor intensive. Further, the ensuing processes such as consolidation of training needs, monitoring of development plans, and succession planning become extremely cumbersome. As a result, many of the processes end up being partially or totally ineffective or ignored by many.

With technology and workflow automation, it has become possible to make even the most elaborate system user-friendly both for application and monitoring. Investment in an effective workflow automation system will have a very high and quick payback in terms of increased productivity.

5.6 Lack of follow-up actions

Not acting on the identified training needs and development actions seriously undermines the credibility of the system. One important cause of dissatisfaction with the appraisal process mentioned by the appraisees is that issues identified during the appraisal are not effectively followed up. While the immediate supervisor is clearly responsible for all follow-up actions, this is often not obvious or insisted on.

Some of the reasons for lack of effective follow-up are:

- o Lack of commitment/competencies of the supervisors. Supervisors do not believe in the process or do not have the competencies required to manage the process.
- o Lack of adequate resource allocation. As an illustration, organizations set corporate targets such as a minimum training of “x” days of training per staff per year but adequate resources are not allocated. Without real commitment to such goals, any cost reduction initiative would first reduce training budget as such actions have low immediate impact. The long-term negative consequences tend to be ignored.
- o Lack of policies and processes to provide structured learning opportunities such as job rotation, career development plans, succession planning, etc.

5.7 Lack of clear reporting relationships and accountability

For the performance management process to be effective, the authority, accountability, and competencies of the immediate supervisor should be aligned.

- o An over-centralized process takes away the authority of the supervisor to set goals, evaluate, assess, train, develop, reward, discipline, and punish. So the supervisor does not own the process.
- o In a decentralized organization without adequate training and support, supervisors lack the skills and confidence to do effective assessment.
- o Organizations are moving towards a decentralized model and this necessitates building of strong management capabilities at all levels.
- o New types of organizational structures such as matrix and flexible organizations confuse staff members and supervisors regarding accountabilities. It is essential to clearly define different levels of accountability in such situations.
- o It is most effective when one person (one of the immediate supervisors) is fully accountable for the process on a long-term basis. Such a person could consolidate multiple inputs to create a holistic picture of the staff members' performance and development needs.

5.8 Lack of regular feedback

In the absence of regular feedback, the performance rating and related issues come as surprises for the staff member at the end of the performance period. Performance management is a continuous process and the appraisal report should only be a summary of what happened through the period. The supervisors who do not manage this well treat performance assessment as an annual event and ignore the very important process of continuous assessment, feedback, and support to the staff member.

6. Conclusion

We believe a new philosophy founded upon a “meritocratic” value system and a long-term strategic approach to performance management are critical for delivering the full potential of individual CGIAR Centers and the CGIAR system. Through better integration of individual activities with the overall priorities of the organization, the effectiveness of staff will be maximized. Creating appropriate consequences for individual and team performance will ensure higher motivation, productivity, and retention of high performers. Adoption of such a philosophy and supporting strategy will ensure that CGIAR Centers become employers of choice and create high performing teams that can support the renewal of the CGIAR system.