

Short and Long Answer Questions

Subject- Paper II- Performance and Compensation Management- Unit I

1. What is the concept of performance appraisal? (CO1)

Ans. Performance appraisal is defined by Wayne Cascio as “the systematic description of employee’s job relevant, strength, weakness. Performance appraisal may be conducted once in every 6 months or once in a year. The basic idea of the appraisal is to evaluate the performance of the employee, giving him a feedback. Identify areas where improvement is required so that training can be provided. Give incentives and bonus to encourage employees etc.

2. What is the importance of performance appraisal system? (CO1)

- Feedback to the employee
- Training and development
- Helps to decide promotion
- Validation of selection process
- Deciding transfers and lay off of the worker
- Human resource planning and career development

3. Enlist the steps in process of performance appraisal. (CO1)

The process consists various steps:

- Setting performance standards
- Communicating standards set to the employee
- Measuring performance
- Comparing performance with standard
- Discussing result
- Collective action
- Implementation and review

4. Enlist the errors in performance appraisal. (CO1)

- Halo effect
- Horn effect
- Central tendency
- Leniency and strictness
- Spill over effect

5. What do you understand by halo and horn effect? (CO2)

- Halo effect: - In this case the superior appraises the person on certain positive qualities only. The negative traits are not considered. Such an appraisal will no give a true picture about the employee. And in some cases employees who do not deserve promotions may get it.

- Horn effect: - In this case only the negative qualities of the employee are considered and based on this appraisal is done. This again will not help the organization because such appraisal may not present a true picture about the employee.

6. Is performance appraisal the same as performance management? (CO1)

Performance appraisal	Performance management
• Operational	• Strategic
• Top-down assessment	• More likely to involve dialog
• Retrospective for corrections	• Future-oriented for growth
• Typically once or twice per year	• Ongoing or continuous review, interspersed with formal reviews
• Often uses ratings or rankings	• Less likely to involve ratings
• Rigid structure/system	• Flexible process
• Not linked to business needs	• Linked to business needs
• Usually takes a quantitative approach	• Combines quantitative and qualitative approaches
• Individual	• Collective
• Often linked to compensation	• Not usually linked to compensation
• Often very bureaucratic with a focus on paperwork/documents	• Less concerned with documentation
• Usually housed in HR department	• Conducted by managers and supervisors

7. What are the approaches to performance appraisal. (CO1)

Three approaches are to be adapted to performance appraisal. These approaches are discussed below:

- Trait Approach:** As the term implies, this approach involves rating the individual employee's personal traits or characteristics such as initiative, decisiveness and dependability. Though used commonly by management, this approach is considered to be the weakest. This basically arises from the fact that these traits are ambiguous relative the actual job performance and the needed improvement. Appraising someone having low initiative does not say anything precise about how to improve. Also this can trigger a defensive reaction on the part of the employee being appraised.
- Behavioral Approach:** Approach points directly to the persons' actual work behavior rather than a trait like his or her personality. For example, it can be focused to seek information as to the employee works alone on all projects, on most projects or about half of projects. Similarly, whether he or she teams up with others on major project or works alone on all major projects. When these behavioural patterns are coupled with performance rating, appraisal is enhanced.

C. **Results Approach:** This approach focuses on the product or the outcome of one's effort. It seeks to identify and evaluate what has been accomplished by an employee subject to appraisal. Management by objectives (MBO) is usually regarded as the most appropriate format for using the results approach.

8. Enlist steps in Performance appraisal planning. (CO2)

- Establish Performance Standards
- Communicate to employees
- Measure employee performance
- Compare to the standards
- Employee feedback
- Action plan develop

9. What are the advantages of performance appraisal? (CO1)

- **Documentation:** A PA provides a document of employee performance over a specific period of time. It's a piece of paper that can be placed in an employee file.
- **Structure:** This process creates a structure where a manager can meet and discuss performance with an employee. It forces the uncomfortable conversations that often need to happen.
- **Feedback:** Employees crave feedback and this process allows a manager the opportunity to provide the employee with feedback about their performance and discuss how well the employee goals were accomplished. It also provides an opportunity to discuss employee development opportunities.
- **Clarify Expectations:** Employees need to understand what is expected of them and the PA process allows for a manager to clarify expectations and discuss issues with their employee.
- **Annual Planning:** It provides a structure for thinking through and planning the upcoming year and developing employee goals.
- **Motivation:** The process should motivate employees by rewarding them with a merit increase and as part of a comprehensive compensation strategy.

10. What are the disadvantages of performance appraisal? (CO1)

- **Creates Negative Experience:** If not done right, the performance appraisal can create a negative experience for both the employee as well as the manager. Proper training on process and techniques can help with this.
- **Time Consuming:** Performance appraisals are very time consuming and can be overwhelming to managers with many employees. I've known managers who were responsible for doing an annual PA on hundreds of employees.
- **Natural Biases:** Human assessments are subject to natural biases that result in rater errors. Managers need to understand these biases to eliminate them from the process.
- **Waste of Time:** The entire process can be a waste of time if not done appropriately. Think about the time investment when the end result is negative. It is time wasted on all fronts.

- **Stressful Workplace:** Performance appraisals can create stressful work environments for both employees and managers. Proper training can help to reduce the stress involved in the process.

Long Answer Questions

1. Discuss the process of performance appraisal? (CO2)

The process consists various steps:

- Setting performance standards
- Communicating standards set to the employee
- Measuring performance
- Comparing performance with standard
- Discussing result
- Collective action
- Implementation and review

A. Setting performance standards :-

In this very first step in performance appraisal the HR department decides the standards of performance i.e. they decide what exactly is expected from the employee for each and every job. Sometimes certain marking scheme may be adopted eg. A score 90/100 = excellent performance, a score of 80/100 = good. And so on.

B. Communication standard set to the employee :-

Standards of performance appraisal decided in 1st step are now conveyed to the employee so that the employee will know what is expected from him and will be able to improve his performance.

C. Measuring performance :-

The performance of the employee is now measured by the HR department, different methods can be used to measure performance i.e. traditional and modern method. The method used depends upon the company's convenience.

D. Comparing performance with standard :-

The performance of the employee is now judged against the standard. To understand the score achieved by him. Accordingly we come to know which category of performance the employee falls into i.e. excellent, very good, good, satisfactory etc.

E. Discussing result: - The results obtained by the employee after performance appraisal are informed or conveyed to him by the HR department. A feedback is given to the employee asking him to change certain aspects of his performance and improve them.

F. Collective action: - The employee is given a chance or opportunity to improve himself in the areas specified by the HR department. The HR department constantly receives or keeps a check on the employee's performance and notes down improvements in performance.

G. Implementation and review :-

The performance appraisal policy is to be implemented on a regular basis. A review must be done from time to time to check whether any change in policy is required. Necessary changes are made from time to time.

2. Narrate various limitations of performance appraisal system? (CO2)

Ans Performance appraisal is defined by Wayne Cascio as “the systematic description of employee’s job relevant, strength, weakness. The following are the limitations of performance appraisal

- **Halo effect:** - In this case the superior appraises the person on certain positive qualities only. The negative traits are not considered. Such an appraisal will not give a true picture about the employee. And in some cases employees who do not deserve promotions may get it.
- **Horn effect:** - In this case only the negative qualities of the employee are considered and based on this appraisal is done. This again will not help the organization because such appraisal may not present a true picture about the employee.
- **Central tendency:** - In this case the superior gives an appraisal by giving central values. This prevents a really talented employee from getting promotions he deserves and some employees who do not deserve anything may get promotion.
- **Leniency and strictness:** - Some bosses are lenient in grading their employees while some are very strict. Employee who really deserves promotions may lose the opportunity due to strict bosses while those who may not deserve may get benefits due to lenient boss.
- **Spill over effect:** - In this case the employee is judged +vely or –vely by the boss depending upon the past performance. Therefore although the employee may have improved performance, he may still not get the benefit
- **Ambiguity in Standards:** If the standards are not clear, the supervisors may follow different standards for different employees.
- **Insufficient Evidence:** An employee who can impress the boss may get a positive evaluation though his impression in his own department may be very poor. In such cases, the performance appraisal will be superfluous.
- **Fear of losing subordinates and spoiling relations:** - Many bosses do not wish to spoil their relations with their subordinates. Therefore when they appraise the employee they may end up giving higher grades which are not required. This is an injustice to really deserving employees.
- **Goodwill and techniques to be used:** - Sometimes a very strict appraisal may affect the goodwill between senior and junior. Similarly when different departments in the same company use different methods of appraisal it becomes very difficult to compare employees.
- **Paper work and personal biased:** - Appraisal involves a lot of paper work. Due to this the work load of HR department increases. Personal bias and prejudice result in bosses favoring certain people and not favoring others.
- **Average Rating Problem:** In order to give very low or very high rating, the top managers are required to give reasons to justify the rating. The most common error committed in performance appraisal is to give average rating to all employees. Moreover, low rating antagonizes the subordinates.
- **Influence of Man’s Job:** There is a tendency to give a high rating to highly paid jobs. So a senior employee may get a higher rating than a junior employee.
- **Similarity Error:** The evaluator tries to look those qualities in subordinates which he himself possesses. Those who show the similar characteristics are rated high.

SAQ Unit Two

Traditional and Modern Methods of Performance Appraisal

Q. 1 Explain self-appraisal CO 1 CO 2 CO 3

Employee self-appraisal, within a performance management or annual performance review system involves asking the employee to self-evaluate his or her job performance. ... It's rare that self-appraisal or self-evaluation results are used without discussion and negotiation and they should not be.

Q. 2 Discuss importance of ranking method CO 1 CO 2 CO 3

The employees are rated from best to worst on some characteristics. The rater chooses the best and the worst employees from a group and rates them. He then chooses the second best and worst set and goes on. The reliability and validity of this method is under doubt as it may suffer from rater's bias, fluctuating performances or varying standards.

Q. 3 Discuss the role of graphic rating scale method of performance appraisal CO 1 CO 2 CO 3

This method is also called as linear rating scales or simple rating scales method. Judgment about the performance are recorded on a scale. The appraisers are given the forms which carries the various criteria on which the employees are to be rated. It is a simple and quick method, which makes it popular.

Q.4 Discuss importance of critical incident method of performance appraisal CO 1 CO 2 CO 3

The critical incident method has the advantage of being task-focused. It focuses on the essential duties of an employee's job and how well she performs those duties. It is based on direct observation by the manager and not second-hand accounts. In this approach, managers gather information over time. They keep a log of positive and negative incidents, recorded at the time they occurred. So, the annual performance appraisal is not overly influenced by an employee's most recent accomplishments or problems.

Q.5 Write short note on balanced scorecard. CO 1 CO 2 CO 3

A balanced scorecard is a performance metric used in strategic management to identify and improve various internal functions of a business and their resulting external outcomes. It is used to measure and provide feedback to organizations. Data collection is

crucial to providing quantitative results, as the information gathered is interpreted by managers and executives, and used to make better decisions for the organization.

Q.6 Write short note on assessment center. CO 1 CO 2 CO 3

An Assessment Center consists of a standardized evaluation of behavior based on multiple evaluations including: job-related simulations, interviews, and/or psychological tests.

An assessment centre is any combination of more than one objective selection technique used to measure suitability for a job. It usually involves attending a venue along with other candidates for a day or a half day. Assessment centers use a combination of objective selection methods to measure suitability for a job.

Q. 7 Discuss importance of BARS method of performance appraisal. CO 1 CO 2 CO 3

Behaviorally anchored rating scales (BARS) are scales used to rate performance. ... It is an appraisal method that aims to combine the benefits of narratives, critical incidents, and quantified ratings by anchoring a quantified scale with specific narrative examples of good, moderate, and poor performance.

Q. 8 Writs short note on 360 degree method of performance appraisal. CO 1 CO 2 CO 3

It is a multi-rater appraisal and feedback system. The individual is assessed by a number of people – superiors, subordinates, peers, customers etc.

Q. 9 Explain MBO as method of performance appraisal. CO 1 CO 2 CO 3

MBO (management by objectives) methods of performance appraisal are results-oriented. That is, they seek to measure employee performance by examining the extent to which predetermined work objectives have been met. Usually the objectives are established jointly by the supervisor and subordinate.

Q. 10 Explain confidential report as method of performance appraisal. CO 1 CO 2 CO 3

Confidential report is the method of evaluating employee's performance and taking necessary actions without giving any feedbacks to the employees. ... Generally, such



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method
appraised.

of performance appraisal is conducted yearly and employees are

SAQ Unit Three
Compensation Planning

Q. 1 What you understand by wages? CO 4 CO 5

A wage is monetary compensation (or remuneration, personnel expenses, labor) paid by an employer to an employee in exchange for work done. Payment may be calculated as a fixed amount for each task completed (a task wage or piece rate), or at an hourly or daily rate (wage labour), or based on an easily measured quantity of work done.

Q. 2 Explain wage fixation. CO 4 CO 5

It is a technique by which an attempt is made to reconcile the needs and objectives of workers and employers and is therefore an integral part of an industrial society. Collective Bargaining is a process whereby standards are created to govern labour relations.

Q. 3 What you mean by wage differential? CO 4 CO 5

A compensating differential, which is also called a compensating wage differential or an equalizing difference, is defined as the additional amount of income that a given worker must be offered in order to motivate them to accept a given undesirable job, relative to other jobs that worker could perform.

Q.4 Explain the term minimum wage. CO 4 CO 5

A minimum wage is the lowest remuneration that employers can legally pay their workers.

Q.5 Explain variable compensation.

Variable pay is the portion of compensation determined by employee performance. When employees hit their goals, variable payment is provided as a type of bonus, otherwise known as incentive pay or commission.

Q.6 Explain role of perks in compensation CO 4 CO 5

Benefits – as in employee benefits – are a form of non-wage compensation. If not offered by the employer, employees would likely have to fund them themselves. Perks – as in perquisites or corporate perks – are nice-to-have additions to an employee's salary and benefits package.

Q. 7 What you mean by fringe benefits? CO 4 CO 5

Fringe benefits are forms of compensation you provide to employees outside of a stated wage or salary. Common examples of fringe benefits include medical and dental insurance, use of a company car, housing allowance, educational assistance, vacation pay, sick pay, meals and employee discounts.

Q. 8 What is objective of fringe benefits? CO 4 CO 5

The important objectives of fringe benefits are: a. To motivate the employees by identifying and satisfying their unsatisfied needs. ... Hence, fringe benefits are called golden handcuffs.

Q. 9 Write short note on pay for performance. CO 4 CO 5

A financial reward system for employees where some or all of their monetary compensation is related to how their performance is assessed relative to stated criteria. Performance related pay can be used in a business context for how an individual, a team or the entire company performs during a given time frame.

Q. 10 Discuss advantages of pay for performance. CO 4 CO 5

The advantages and disadvantages of Performance Related Pay. Performance Related Pay (PRP) provides individual employees with financial rewards linked to an assessment of their work performance, such as: sales commission, bonuses for reaching targets, piecework payments or financial profit sharing.

LAQ - Unit 2 –

Traditional and Modern Methods of Performance Appraisal

Q. 1 Discuss in detail traditional methods of performance appraisal CO 1 CO 2 CO

3

- Answer
 - Essay Method
 - Ranking
 - Graphic Rating Scale
 - Forced Distribution Method
 - Forced Choice Method
 - Field Review Method

- Checklist
- Confidential Report
- Critical Incident Report

Q. 2 Discuss in detail modern methods of performance appraisal CO 1 CO 2 CO 3

- Answer
- Management by objectives (MBO)
- Behaviorally anchored rating scales (BARS)
- Cost accounting method
- 360-degree appraisal
- Assessment Centers
- Balanced Scorecard

LAQ - Unit 3 –

Compensation Planning

Q. 1 Discuss the growing importance of compensation management in recent business scenario. CO 4 CO 5

1. Compensation management makes a company vigilant. It drives managers to be on the lookout for star performers who must be given rewards for their efforts, which ultimately decreases the risk of losing a valuable employee.

2. It is positive reinforcement. Yes, money doesn't make the world go round and if line managers are not friendly, helpful and supportive retention is difficult. But cash prizes and consistent monetary perks in conjunction with a great work environment allow companies to grow by leaps and bounds through motivated, hard working employees.

3. Compensation management enhances the company's reputation. When workers are satisfied with their monetary and intangible rewards, they attract better prospects for vacant positions, bringing new, fresh talent to the organization.

Q. 2 Discuss in detail compensation management. CO 4 CO 5

Compensation management is the act of providing monetary value to an employee for the work they do by means of a company process or policy. Some types of compensation include salary, bonuses, and benefit packages. Companies use compensation management in order to find, keep, and motivate employees to do quality work.



Compensation management is the act of distributing some type of monetary value to an employee for their work by means of the company's policy or procedures. In basic terms, it is paying an employee based upon the decided pay and benefit package for the position.

Short and Long Answer Questions

Subject- Paper II- Performance and Compensation Management- Unit IV

1. What do you understand by the term career management? (CO6)

Career management is conscious planning of one's activities and engagements in the jobs one undertakes in the course of his life for better fulfilment, growth and financial stability. It is a sequential process that starts from an understanding of oneself and encompasses occupational awareness.

2. What is Career Development? (CO6)

Career development involves taking correct actions to produce and increase skills and to get ready for upcoming job opportunities, is meant to encourage the growth and self-improvement.

3. Enlist the types of Career Development Programs. (CO6)

The most common career development programs offered by organizations are:

- Mentoring
- Coaching
- Job rotation and
- Tuition Assistance

4. What do you understand by career anchors? (CO6)

A Career Anchor is something that develops over time and evolves into a self-concept, shaping an individual's personal identity or self-image and includes:

- Talents, skills and abilities - the things that we believe we are good at, and not so good at.
- Motives and needs - what is important to us and take the form of goals, e.g. money, status, challenge, autonomy.
- Attitudes and values - the kind of organisation that we feel comfortable with, one that matches our own values and beliefs.

5. What are the objectives of career development? (CO6)

Objectives of Career Development Systems

- **Fostering Better Communication in Organization:** The main objective of designing a career development system is to foster better communication within the organization as a whole. It promotes communication at all levels of organizations for example manager and employee and managers and top management. Proper communication is the lifeblood of any organization and helps in solving several big issues.
- **Assisting with Career Decisions:** A career development system provides employees as well as managers with helpful assistance with career decisions. They get an opportunity to assess their skills and competencies and know their goals and future aspirations. It helps them give a direction so that they can focus on achieving their long term career goals.
- **Better Use of Employee Skills:** A career development system helps organization make better use of employee skills. Since managers know their skills and competencies and therefore, can put them at a job where they will be able to produce maximum output.
- **Setting Realistic Goals:** Setting realistic goals and expectations is another main objective of a career development system. It helps both employees and organization to understand what is feasible for them and how they can achieve their goals.
- **Creating a Pool of Talented Employees:** Creating a pool of talented employees is the main objective of organizations. After all, they need to meet their staffing needs in present and future and a career development system helps them fulfill their requirements.
- **Enhancing the Career Satisfaction:** Organizations especially design career development systems for enhancing the career satisfaction of their employees. Since they have to retain their valuable assets and prepare them for top notch positions in future, they need to understand their career requirements and expectations from their organization.
- **Feedback:** Giving feedback on every step is also required within an organization to measure the success rate of a specific policy implemented and initiatives taken by the organization. In addition to this, it also helps managers to give feedback for employees' performance so that they can understand what is expected of them.

6. What are the benefits of succession planning? (CO6)

- It provides a logical approach for succession of top notch positions by the next lower-level employee. It is all about identifying the skills and competencies and potential of an employee so that he or she can be deployed at different jobs in the time of crisis.
- Succession planning gives the answers to all the questions regarding preparing an individual for the next level in the organizational hierarchy. It helps HR specialists

in knowing and understanding why a specific individual should be developed and trained to promote to the next level.

- It reduces the randomness in organization's processes and managerial development movements and establishes formal steps and actions, policies and procedures to support the process of selecting the CEO and other top management executives.
- A formal succession planning process is a proactive approach to fill a top position. It helps HR professionals to anticipate problems in the process before they get started. This is very important to avoid negative and dysfunctional situations.
- It fosters cross-functional development and facilitates the integration of HR planning components, processes and procedures. Not only this, it supports connecting formats, guidelines, analyses, judgments and discussions at their front.
- Formal succession planning helps in further exploitation of computer systems, HRP software applications, HR tools and techniques in order to support the identification, development and training of the individuals.
- It helps HR managers in overcoming the limitations of reactive management approaches and fosters pro-active management approaches to make organization a better place to work.
- It establishes a logical basis for making choices among qualified candidates. Who should be selected, why they should be selected and what skills and competencies they own and what needs to be developed in them are critical factors while identifying the employees for succession planning.
- The process establishes a specific connection between the business objectives and HR strategic planning. Along with this, it also increases internal promotion opportunities.

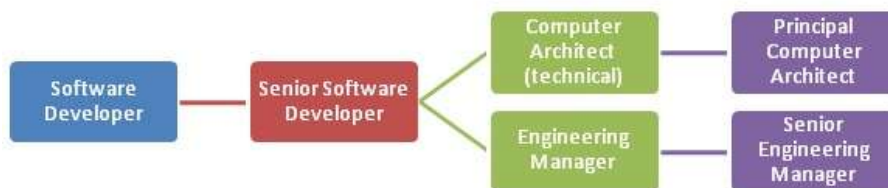
7. What do you understand by career path? (CO6)

Definition: Career Path

Career path refers to the growth of the employee in an organization. Career Path basically means the various positions an employee moves on one by one as he grows in an organization. The employee may move vertically most of the time but also move laterally or cross functionally to move to a different type of job role.

8. What is the importance of career path? (CO6)

Career path is not only a series of positions one takes but also an opportunity to achieve overall positive career development. Career path provides various options like in example below. The decision points can determine how well your career would go farther. Right and informed decisions can help you move to better positions and vice versa. The career path is the result of the decisions and hardwork put by an individual. Company should also work towards ensuring that its employees move in career path the way they want to. Proper job analysis should be done in order to make sure the employees are satisfied and achieve higher positions in the organization itself rather than moving to other organizations in search for better path.



9. Write short note on career counselling. (CO6)

Career counselling or Employment counselling is an attempt to determine individual's interests, desires, aspirations and skills and competencies in various occupations and jobs. The information collected is very important in order to understand where to put a particular employee to get maximum output from him or her. It is one of the most popular services offered by organizations to their employees.

It is also known as a remedial approach as it is offered to provide employees with an expert's assistance to deal with their issues related to their professional life. It is also called a preventive approach that helps employees realize their potential and career interests before it is too late to make a right career choice. On the other hand, when employees get such services in their organizations, they develop a sense of belongingness towards them and stick to them even in crisis.

Employment counselling is beneficial for both employees as well as employers as it has a positive impact on them and helps both the parties achieve their short-term and long-term goals.

10. What do you understand by the term glass ceiling?

It is a term used as a simile for the unseen yet consequential barrier that prevents a certain set of individuals from ascending hierarchy, especially in the corporate sense, irrespective of their qualification or contribution. The term was coined in the context of feminism, but is now used in the context of minorities too.

Long Answer Questions

11. Write the objectives of career planning? Explain the process of career planning? (CO6)

Career planning seeks to meet the following objectives:

- a. Attract and retain talent by offering careers, not jobs.
- b. Use human resources effectively and achieve greater productivity.
- c. Reduce employee turnover.
- d. Improve employee morale and motivation.
- e. Meet the immediate and future human resource needs of the organization on a timely basis

Career Planning Process

i. Identifying individual needs and aspirations:

Most individuals do not have a clear cut idea about their career aspirations, anchors and goals. The human resource professionals must, therefore, help an employee by providing as much information as possible showing what kind of work would suit the employee most, taking his skills, experience, and aptitude into account. Such assistance is extended through workshops/seminars while the employees are subjected to psychological testing, simulation exercises, etc. The basic purpose of such an exercise is to help an employee form a clear view about what he should do to build his career within the company. Workshops and seminars increase employee interest by showing the value of career planning. They help employees set career goals, identify career paths and uncover specific career development activities (discussed later). These individual efforts may be supplemented by printed or taped information. To assist employees in a better way, organizations construct a data bank consisting of information on the career histories, skill evaluations and career preferences of its employees (known as skill or talent inventory).

ii. Analyzing career opportunities:

Once career needs and aspirations of employees are known, the organization has to provide career paths for each position. Career paths show career progression possibilities clearly. They indicate the various positions that one could hold over a period of time, if one is able to perform well. Career paths change over time, of course, in tune with employee's needs and organizational requirements. While outlining career paths, the claims of experienced persons lacking professional degrees and that of young recruits with excellent degrees but without experience need to be balanced properly.

iii. Aligning needs and opportunities:

After employees have identified their needs and have realized the existence of career opportunities the remaining problem is one of alignment. This process consists of two steps: first, identify the potential of employees and then undertake career development

programmers with a view to align employee needs and organizational opportunities. Through performance appraisal, the potential of employees can be assessed to some extent. Such an appraisal would help reveal employees who need further training, employees who can take up added responsibilities, etc. After identifying the potential of employees certain developmental techniques such as special assignments, planned position rotation, supervisory coaching, job enrichment, understudy programs can be undertaken to update employee knowledge and skills.

iv. Action plans and periodic review:

The matching process would uncover gaps. These need to be bridged through individual career development efforts and organization supported efforts from time to time. After initiating these steps, it is necessary to review the whole thing every now and then. This will help the employee know in which direction he is moving, what changes are likely to take place, what kind of skills are needed to face new and emerging organizational challenges. From an organizational standpoint also, it is necessary to find out how employees are doing, what are their goals and aspirations, whether the career paths are in tune with individual needs and serve the overall corporate objectives, etc.

12. Define the meaning of career development system? Discuss the benefits of career development system to organization and employees? (CO6)

Career development programs are most effective when they are integrated with the organization's ongoing training and development strategies. For being able to do this, an organization must have a carefully designed career development system especially designed to meet its own unique needs and requirements. An automated and well-designed career management system not only benefits organizations but also help employees and managers or supervisors in establishing effective communication with each other. All the parties gain different benefits and combining which they can together set an organizational culture that supports such types of activities in an organization.

Benefits of a Career Development System to Organization

- Once organization has a fair idea about employee's strengths and weaknesses, attitude and behaviour, values and future aspirations and skills and competencies, they are able to make better use of employee skills and put them at the right place.
- The organization can disseminate all important details and information at all organizational levels in order to ensure effective communication at all levels. It



fosters and lays emphasis on better communication within the organization as a whole.

- It also helps organization retain valued employees by providing them what they want. Since the organization is able to collect all necessary information about a specific individual, it can make efforts to retain them.
- It establishes a reputation of the organization in the market. More and more working professionals see it as a people developer and get attracted towards it.

Benefits of a Career Development System to Employees

- The major benefit of career development system to employees is that they get helpful assistance and guidance with their career decisions. They get to know about their own aspirations, objectives and desires and understand how to shape their career.
- By using this system, they can set more realistic goals and objectives that are feasible to be accomplished over the span of one's life.
- It fosters better communication between the employee and the manager as well as at all levels of the organization.
- The best part is that they can get feedback on their performance. This helps them improve their working style and compels them to upgrade their skills.
- The process leads to job enrichment and enhanced job satisfaction.

Benefits of a Career Development System to Managers/Supervisors

- A career development system helps managers and supervisors in improving and upgrading their skills in order to manage their own career. Even they get to where they are heading to and what their aspirations are.
- It fosters better communication between managers and employees.
- It helps them in retaining valued employees as they get to know about their skills and competencies and future aspirations as well.
- It helps in discussing productive performance appraisal of employees and planning their promotions as well as their career graph.
- It leads to greater understanding of the organization as a whole and cultivate a supportive and conducive culture in the organization.
- It helps managers in understanding the hidden aspects of employees and guides them to allocate employees the right job that matches to their skills and competencies.