

VU LEARNING HUB

vulearninghub.xyz

HANDOUT

HRM713

Performance Management

HRM713 by VU Learning HUB

Prepared for VU students • Free study resources

<https://vulearninghub.xyz>

HRM713

Performance Management

Lecture-Wise Study Handout
Virtual University of Pakistan

13 lectures • prepared for exam study

Table of Contents

1. Understanding Performance Management: Concept and Process
2. Performance Management versus Performance Appraisal
3. Performance Management in Organizational Context
4. Measuring Performance: Results, Behaviours and Standards
5. Traditional and Modern Appraisal Methods
6. Rating Errors and How to Reduce Them
7. 360-Degree Feedback
8. Conducting the Appraisal Interview
9. Employee Development: Coaching, Mentoring and Growth
10. Team and Organizational Performance: The Balanced Scorecard
11. Compensation and Pay for Performance
12. Legal and Ethical Issues in Performance Management
13. Future Trends: Technology and Continuous Performance Management

About This Course

Performance management is the continuous process of identifying, measuring and developing the performance of individuals and teams, and aligning that performance with the organization's strategic goals. Unlike the old annual appraisal ritual, modern performance management is a year-round cycle of planning, monitoring, reviewing and rewarding.

This handout follows the six-module structure of the VU course: understanding performance management, linking it to organizational context, performance appraisal methods, employee development, team and organizational performance, and compensation. Each lecture gives definitions, methods, examples and exam pointers.

Lecture 1: Understanding Performance Management: Concept and Process

Learning Objectives

- Define performance management
- Describe the performance management cycle

Performance management is defined as a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization. Three features matter: it is continuous (not once a year), it covers development as well as measurement, and it explicitly links individual work to organizational strategy.

Performance management serves three purposes. Strategic purpose: it connects employee behaviour to business goals. Administrative purpose: it informs decisions about pay, promotion and retention. Developmental purpose: it identifies strengths and weaknesses so employees can improve through coaching and training. An effective system serves all three; a system used only to justify firing serves none well.

A complete performance management process runs in a cycle: prerequisites (knowing the mission and the job), performance planning (agreeing on results, behaviours and development plans), performance execution (the employee works; the manager coaches), performance assessment (evaluating against the plan), performance review (a formal discussion), and performance renewal and recontracting (adjusting goals for the next cycle). The cycle then repeats — which is why performance management is a process, not an event.

Key Definitions

Performance management is defined as the continuous process of identifying, measuring and developing individual and team performance and aligning it with organizational strategic goals

Performance planning is defined as the first phase of the cycle in which manager and employee agree on expected results, behaviours and development plans

Key Points — very important for exams

Performance management = continuous cycle: planning → execution → assessment → review → renewal.

Three purposes: strategic (link to goals), administrative (pay/promotion decisions), developmental (coaching).

Very important: it is a year-round process, not an annual event.

Review Questions

- ? What are the three purposes of performance management?
- ? List the stages of the performance management process in order.

Section Summary

Performance management is a continuous, strategy-linked cycle of planning, coaching, assessing and renewing performance — far broader than an annual appraisal.

Exam Pointers

→ Define performance management and describe the six stages of the performance management cycle.

Lecture 2: Performance Management versus Performance Appraisal

Learning Objectives

- Distinguish appraisal from performance management
- Explain why traditional appraisal systems failed

Performance appraisal is often confused with performance management, but appraisal is only one component: the formal evaluation of an employee's performance, usually once a year, resulting in a rating. Performance management is the whole system; appraisal is one meeting inside it. Organizations that treat the annual form as the entire system get paperwork without performance improvement.

Traditional appraisal systems failed for predictable reasons: they were backward-looking (judging last year instead of improving next year), ratings-driven rather than conversation-driven, disconnected from strategy, and dreaded by both managers and employees. Modern performance management keeps appraisal's evaluative core but embeds it in ongoing coaching and forward-looking development planning.

For the system to work, managers must own it. HR designs the framework, but the direct supervisor sets expectations, observes performance, gives feedback and conducts reviews. A classic exam theme: the success of performance management depends more on manager commitment and skill than on the design of the rating form.

Key Definitions

Performance appraisal is defined as the formal, usually annual evaluation of an employee's job performance resulting in a rating

Key Points — very important for exams

Appraisal = one formal evaluation event; performance management = the whole continuous system.

Traditional appraisals failed: backward-looking, ratings-obsessed, strategy-disconnected, dreaded.

Manager ownership matters more than form design — a very important exam theme.

Review Questions

? How is performance management broader than performance appraisal?

? List four reasons traditional appraisal systems were criticized.

Section Summary

Appraisal is a component, not the system. Modern practice keeps evaluation but adds continuous coaching and forward-looking development.

Exam Pointers

→ Distinguish performance management from performance appraisal; why did traditional appraisals fail?

Lecture 3: Performance Management in Organizational Context

Learning Objectives

- Link performance management design to strategy
- Explain cultural and structural influences

A performance management system must fit its organizational context: strategy, culture and structure. A cost-leadership strategy needs efficiency and process-compliance measures; a differentiation strategy needs innovation and customer-satisfaction measures. When measures contradict strategy — rewarding cost-cutting in a unit whose strategy is premium service — the system actively damages the business.

Organizational culture shapes what the system can ask of people. A culture of trust supports candid 360-degree feedback and developmental conversations; a culture of fear turns any appraisal into a defensive ritual. Structure matters too: flat, team-based organizations need team-level measures; hierarchical organizations can rely more on supervisor ratings.

Context also includes practical constraints: the organization's size and resources (a small firm cannot run a complex 360 system), the nature of jobs (measurable sales versus hard-to-measure research), and legal requirements. The very important design principle is fit: there is no universally best system, only a system well-matched to its context.

Key Definitions

Strategic congruence is defined as the degree to which a performance management system matches the organization's strategy, culture and structure

Key Points — very important for exams

Measures must match strategy: cost-leadership → efficiency; differentiation → innovation/service.

Culture of trust enables candid feedback; culture of fear kills it.

Design principle: fit over fashion — no universally best system.

Review Questions

? Give an example of measures contradicting strategy.

? How does organizational culture affect feedback systems?

Section Summary

Effective systems are tailored: they measure what the strategy needs, in ways the culture can sustain, for the structure that exists.

Exam Pointers

→ Explain how strategy, culture and structure shape the design of a performance management system.

Lecture 4: Measuring Performance: Results, Behaviours and Standards

Learning Objectives

- Compare types of performance criteria
- Set effective performance standards

What should be measured? Results (what the employee achieved: sales, output, deadlines) are objective and strategy-linked but can be contaminated by factors outside the employee's control (a recession hits every salesperson). Behaviours (how the work was done: teamwork, customer care, safety compliance) are more controllable and coachable but harder to measure objectively. Traits (attitude, initiative, loyalty) should generally be avoided — they are vague, subjective and legally risky.

Good performance criteria meet several standards: they are strategically relevant, clear and measurable, under the employee's control, and comprehensive enough to avoid perverse incentives (rewarding only call volume produces rushed, rude calls). The balanced approach measures both results and behaviours — the what and the how.

Performance standards state the expected level: for example, resolve 90 percent of customer complaints within 24 hours while following the courtesy protocol. Standards must be challenging yet attainable, agreed with the employee (participation increases acceptance), and documented so assessment is evidence-based rather than impression-based.

Key Definitions

Results criteria is defined as what the employee achieved, e.g. sales volume, units produced, deadlines met

Behavioural criteria is defined as how the work was performed, e.g. teamwork, communication, safety compliance

Key Points — very important for exams

Measure results (the what) and behaviours (the how); avoid traits (vague, risky).

Good criteria: strategic, measurable, controllable, comprehensive.

Standards must be challenging, attainable, agreed and documented.

Review Questions

- ? Why are trait-based criteria discouraged?
- ? What makes a performance standard effective?

Section Summary

Measure controllable results and behaviours against clear, agreed, documented standards — never vague traits.

Exam Pointers

- Compare results, behavioural and trait criteria; state the standards of good performance measures.

Lecture 5: Traditional and Modern Appraisal Methods

Learning Objectives

- Describe traditional appraisal methods
- Explain BARS, MBO and assessment centres

Traditional appraisal methods include ranking (ordering employees from best to worst), paired comparison (comparing each employee with every other), forced distribution (fitting ratings to a bell curve, e.g. 10 percent top, 70 percent middle, 20 percent bottom), graphic rating scales (rating traits or behaviours on numbered scales), and the critical incident method (recording specific examples of excellent or poor behaviour).

Each has known weaknesses. Ranking and forced distribution create unhealthy competition and can label good performers as failures; graphic scales suffer from vague anchors (what exactly is a 3 in initiative?); critical incidents are rich but time-consuming. Forced distribution is especially controversial — it may be defensible in a turnaround but corrosive in a collaborative culture.

Modern methods emphasize behaviours and results. Behaviourally Anchored Rating Scales (BARS) anchor each scale point with concrete behavioural examples (a 5 in customer service = personally follows up every complaint within a day). Management by Objectives (MBO) cascades organizational goals into individual SMART objectives and evaluates achievement. Assessment centres use simulations for selection and development. The trend is clear: from judging traits to managing objectives and observable behaviour.

Key Definitions

Forced distribution is defined as a rating method that fits employee ratings into a predetermined distribution, e.g. 10-70-20

Behaviourally Anchored Rating Scales (BARS) is defined as rating scales whose points are anchored with specific behavioural examples

Management by Objectives (MBO) is defined as a goal-setting approach cascading organizational objectives into individual SMART objectives

Key Points — very important for exams

Traditional: ranking, paired comparison, forced distribution, graphic scales, critical incidents.

Forced distribution motivates in turnarounds but corrodes collaboration; graphic scales suffer vague anchors.

Modern shift: BARS (behavioural anchors) and MBO (SMART objectives) — judge observable behaviour and results.

Review Questions

- ? Compare ranking and forced distribution — when might each be justified?
- ? How does BARS improve on graphic rating scales?

Section Summary

Appraisal methods evolved from ranking people against each other to evaluating observable behaviour and agreed objectives.

Exam Pointers

- Describe traditional appraisal methods with strengths and weaknesses; explain BARS and MBO.

Lecture 6: Rating Errors and How to Reduce Them

Learning Objectives

- Identify common rating biases
- Apply remedies for rating errors

Even good methods fail when raters are biased. Common rating errors include: halo effect (one strong trait colours all ratings), horns effect (one weakness poisons everything), leniency (rating everyone high), strictness (rating everyone low), central tendency (avoiding extremes), recency (overweighting the last month), and similarity bias (favouring people like the rater). Stereotyping — letting group membership influence ratings — is both a bias and a legal risk.

These errors can be reduced. Rater training — especially frame-of-reference training, where managers practise rating sample performances against common standards — is the most effective remedy. Other safeguards: keeping performance diaries through the year (defeats recency), using multiple raters, requiring behavioural evidence for each rating, and calibration meetings where managers justify ratings to peers.

A very important exam point: rater motivation matters as much as rater ability. Managers inflate ratings to avoid conflict, keep stars happy, or protect their team from forced-distribution cuts. Systems must therefore make honest rating safe and rewarded — for example, by evaluating managers on the quality of their performance discussions.

Key Definitions

Halo effect is defined as a rating bias in which one positive trait leads to high ratings on all dimensions

Frame-of-reference training is defined as training that aligns raters' standards by practising on sample performances

Key Points — very important for exams

Errors: halo/horns, leniency, strictness, central tendency, recency, similarity, stereotyping.

Best remedy: frame-of-reference rater training + diaries + multiple raters + calibration.

Rater motivation matters: make honest rating safe and evaluate managers on discussion quality.

Review Questions

- ? Explain halo, recency and central tendency with examples.
- ? Why do managers inflate ratings, and how can the system respond?

Section Summary

Ratings are only as good as raters. Train standards, demand evidence, use multiple eyes — and reward honesty.

Exam Pointers

- List and explain six rating errors and three ways to reduce them.

Lecture 7: 360-Degree Feedback

Learning Objectives

- Describe the 360-degree feedback process
- Evaluate its strengths and risks

360-degree feedback collects performance input from the full circle: supervisor, peers, subordinates, customers and self. Its strength is breadth — a manager may impress her boss while demoralizing her team, and only multi-source feedback reveals the gap. It is most powerful for development (showing blind spots) and riskiest for administration (peers may collude or retaliate when pay is at stake).

Implementing 360 feedback well requires: guaranteed anonymity (especially for subordinate ratings), a focus on observable behaviours not personality, trained interpretation (a facilitated feedback session, not a dumped report), and a development plan afterwards — feedback without follow-up breeds cynicism. Self-ratings are typically the most lenient, which itself is useful diagnostic information about self-awareness.

Common failure modes examiners love: using 360 for pay decisions before trust is built, allowing non-anonymous subordinate feedback, and collecting data nobody discusses. The rule of thumb: start 360 as a purely developmental tool; link it to administrative decisions only after the culture proves it can handle honesty.

Key Definitions

360-degree feedback is defined as performance feedback gathered from supervisor, peers, subordinates, customers and self

Key Points — very important for exams

Full-circle input reveals blind spots a single supervisor cannot see.

Safest for development; risky for pay decisions until trust is established.

Requirements: anonymity, behavioural items, facilitated interpretation, follow-up development plan.

Review Questions

? Who are the raters in 360-degree feedback?

? Why is 360 safer for development than for pay decisions?

Section Summary

360-degree feedback is a powerful developmental mirror — provided anonymity, honest culture and real follow-up.

Exam Pointers

→ Explain 360-degree feedback: sources, strengths, implementation conditions and risks.

Lecture 8: Conducting the Appraisal Interview

Learning Objectives

- Plan and conduct appraisal interviews
- Handle difficult appraisal conversations

The appraisal interview is where the system meets the employee, and its quality decides whether the process motivates or demoralizes. Preparation matters: review the performance data and diary notes, choose a private uninterrupted setting, and plan to listen at least as much as you speak. Opening with the employee's self-assessment lowers defensiveness and surfaces information the manager lacks.

Structure the discussion in three parts: review the period's achievements against agreed objectives (evidence first), discuss development needs honestly but constructively (separate the person from the performance), and agree the next period's objectives and development plan. Handle defensiveness with curiosity, not combat: ask what support would help, and document agreements.

After the interview, follow through: record agreed objectives, schedule check-ins, and deliver the promised development. A brilliant annual discussion followed by eleven months of silence teaches employees the system is theatre. Frequency beats formality — quarterly reviews outperform annual ones in almost every study.

Key Definitions

Appraisal interview is defined as the formal meeting in which manager and employee discuss the appraisal and agree future objectives

Key Points — very important for exams

Prepare with data; open with the employee's self-assessment; listen as much as you speak.

Structure: achievements vs objectives → development needs → next period's plan.

Follow-through decides everything: document, schedule check-ins, deliver promised development.

Review Questions

- ? Outline the three parts of an appraisal interview.
- ? What should a manager do in the weeks after the interview?

Section Summary

Great appraisal interviews are prepared, evidence-based, two-way — and, most importantly, followed up.

Exam Pointers

- Describe how to conduct an effective appraisal interview, stage by stage.

Lecture 9: Employee Development: Coaching, Mentoring and Growth

Learning Objectives

- Build development plans from appraisal results
- Distinguish coaching from mentoring

Development is the neglected half of performance management. A development plan, built from the appraisal, targets the gap between current and required capability through the 70-20-10 mix: about 70 percent from on-the-job experience (stretch assignments, job rotation), 20 percent from relationships (coaching, mentoring, feedback), and 10 percent from formal training. Classroom training alone rarely changes performance.

Coaching is the manager's developmental tool: short, frequent, future-focused conversations that help employees solve their own performance problems. Effective coaching uses powerful questions (What have you tried? What could you try next?) rather than instructions, and separates coaching moments from evaluation moments — employees will not admit weakness to someone currently rating them.

Mentoring pairs a less experienced employee with a senior guide for career wisdom; succession planning identifies and develops future leaders for critical roles. All three — coaching, mentoring, succession planning — convert appraisal insights into capability, closing the loop from measurement to improvement. Examiners frequently ask why development, not just evaluation, is essential: because measurement without improvement is surveillance.

Key Definitions

Coaching is defined as short, frequent manager–employee conversations aimed at improving performance through questions and feedback

Mentoring is defined as a long-term developmental relationship in which a senior guide advises a junior employee's career

Key Points — very important for exams

Development mix: 70% experience, 20% relationships, 10% formal training.

Coaching = questions not instructions; separate coaching from evaluation moments.

Development converts measurement into improvement — without it, appraisal is surveillance.

Review Questions

- ? Explain the 70-20-10 model with examples.
- ? How does effective coaching differ from giving instructions?

Section Summary

Measure, then develop: stretch assignments, coaching questions and mentoring turn appraisal findings into real capability.

Exam Pointers

- Explain the 70-20-10 development model, coaching and mentoring; why is development essential?

Lecture 10: Team and Organizational Performance: The Balanced Scorecard

Learning Objectives

- Manage team performance
- Apply the Balanced Scorecard

Individual performance aggregates into team and organizational performance — but not automatically. Team performance management sets shared objectives, clarifies roles, establishes team-level measures (project delivery, collective customer satisfaction) and rewards collaboration. Appraising individuals in ways that punish teamwork (forced ranking inside a team) destroys the very cooperation the organization needs.

The Balanced Scorecard, developed by Kaplan and Norton, translates strategy into objectives and measures across four perspectives: financial (profitability, cost), customer (satisfaction, retention), internal processes (quality, cycle time) and learning and growth (skills, innovation). Its power is balance: it prevents the classic trap of hitting financial targets by gutting customer service and employee development.

Cascading connects levels: corporate scorecard → departmental objectives → team targets → individual plans. Each level's measures should be line-of-sight linked to strategy so every employee can answer: how does my work move the organization's goals? That line of sight is the ultimate test of a performance management system.

Key Definitions

Balanced Scorecard is defined as a strategy tool translating vision into objectives and measures across financial, customer, process and learning perspectives

Key Points — very important for exams

Team systems need shared objectives, clear roles and collaboration-rewarding appraisals.

Balanced Scorecard: financial, customer, internal process, learning & growth — balance prevents target-gaming.

Cascade objectives top-down so every employee sees her line of sight to strategy.

Review Questions

- ? Name the four Balanced Scorecard perspectives with one measure each.
- ? Why must individual appraisals not punish teamwork?

Section Summary

Organizational performance is managed through balanced, cascaded objectives — from corporate scorecard to individual plan.

Exam Pointers

- Explain the Balanced Scorecard's four perspectives and the cascading of objectives.

Lecture 11: Compensation and Pay for Performance

Learning Objectives

- Describe performance-linked pay systems
- Design fair reward structures

Compensation is performance management's sharp end: pay for performance links rewards to measured results. Forms include merit pay (permanent raises tied to ratings), individual bonuses (one-time awards), gainsharing (sharing productivity gains with teams), profit sharing, stock options and piece rates. Each has a logic: bonuses reward one-off achievement without permanently inflating the wage bill; stock options align employees with long-term value.

Designing fair pay-for-performance requires: credible performance measures (pay linked to biased ratings breeds cynicism), meaningful differentiation (tiny merit differences signal that performance does not matter), and protection against perverse incentives (piece rates can destroy quality). Procedural justice — transparent criteria, right of appeal — matters as much as the amounts.

Non-financial rewards complete the picture: recognition, meaningful work, autonomy, growth opportunities and work–life balance often motivate knowledge workers more than marginal pay differences. Total rewards thinking — combining base pay, variable pay, benefits, recognition and development — is the modern standard, and a frequent exam theme.

Key Definitions

Pay for performance is defined as compensation systems that vary pay with measured performance

Bonuses is defined as one-time cash awards for achieving specific results, not added to base salary

Key Points — very important for exams

Forms: merit pay, bonuses, gainsharing, profit sharing, stock options, piece rates.

Fairness needs credible measures, real differentiation and procedural justice (transparency, appeal).

Total rewards = pay + benefits + recognition + growth + balance — money alone rarely suffices.

Review Questions

? Compare merit pay and bonuses — when is each appropriate?

? What is total rewards thinking?

Section Summary

Pay for performance works only when measures are credible, differences are real and the process is fair — inside a total-rewards package.

Exam Pointers

→ Describe pay-for-performance forms and the conditions for fairness; explain total rewards.

Lecture 12: Legal and Ethical Issues in Performance Management

Learning Objectives

- Identify legal risks in appraisal
- Apply ethical principles to performance management

Performance management has legal and ethical boundaries. Appraisal criteria must be job-related and consistently applied; using ratings to discriminate by gender, ethnicity, age or other protected characteristics invites lawsuits and destroys trust. Documentation is the legal shield: every rating should rest on recorded evidence, and employees should have a right to respond and appeal.

Ethical pitfalls include: manipulating ratings to justify predetermined decisions (favouritism), using surveillance data without consent, setting impossible standards to force resignations (constructive dismissal), and breaching confidentiality of 360 feedback. Managers must be trained that the system serves development and fairness, not punishment.

Privacy and dignity matter throughout: appraisal discussions are confidential, performance data is shared on a need-to-know basis, and feedback is delivered respectfully. An ethical system is also a more effective one — employees who trust the process accept difficult feedback and act on it.

Key Definitions

Legal defensibility is defined as the requirement that appraisal criteria be job-related, consistently applied and non-discriminatory

Key Points — very important for exams

Criteria must be job-related and consistently applied; documentation is the legal shield.

Ethical bans: rating manipulation, non-consensual surveillance, impossible standards, confidentiality breaches.

Ethics is effectiveness: trusted systems get honest engagement with feedback.

Review Questions

- ? Give three examples of unethical appraisal practice.
- ? How does documentation protect both employer and employee?

Section Summary

Fair, documented, confidential and non-discriminatory processes are both legally required and practically superior.

Exam Pointers

- Discuss legal and ethical issues in performance management with examples.

Lecture 13: Future Trends: Technology and Continuous Performance Management

Learning Objectives

- Describe technology trends in performance management
- Evaluate their benefits and risks

Performance management is going digital and continuous. Annual reviews are being replaced or supplemented by continuous feedback apps, real-time recognition platforms, OKRs (Objectives and Key Results) reviewed quarterly, and people-analytics dashboards that flag flight risks and skill gaps. Technology's promise is timeliness: feedback when it matters, not eleven months later.

Yet technology amplifies both good and bad design. Algorithmic ratings can entrench bias at scale; constant surveillance destroys the trust feedback needs; and dashboards without conversation become sophisticated theatre. The enduring principles remain human: clear expectations, honest evidence-based dialogue, development investment and fair rewards.

The future belongs to hybrid systems: digital tools for tracking and nudging, human managers for coaching and judgment. For Pakistani organizations adopting these trends, the very important caution is to build the basics first — trained managers, trusted processes, credible measures — because software cannot fix a broken performance culture.

Key Definitions

OKRs (Objectives and Key Results) is defined as a goal framework setting ambitious objectives with measurable key results, reviewed quarterly

Key Points — very important for exams

Trend: from annual reviews to continuous feedback, OKRs, recognition platforms, people analytics.

Risk: algorithms scale bias; surveillance kills trust; dashboards without dialogue are theatre.

Build basics first — trained managers and trusted processes — before buying software.

Review Questions

- ? What are OKRs and how do they differ from annual objectives?
- ? Why can't software fix a broken performance culture?

Section Summary

Digital tools make feedback timely, but human judgment, trust and coaching remain irreplaceable.

Exam Pointers

- Discuss technology trends in performance management and their risks.

Glossary of Key Terms

Performance management — the continuous process of identifying, measuring and developing individual and team performance and aligning it with organizational strategic goals

Performance planning — the first phase of the cycle in which manager and employee agree on expected results, behaviours and development plans

Performance appraisal — the formal, usually annual evaluation of an employee's job performance resulting in a rating

Strategic congruence — the degree to which a performance management system matches the organization's strategy, culture and structure

Results criteria — what the employee achieved, e.g. sales volume, units produced, deadlines met

Behavioural criteria — how the work was performed, e.g. teamwork, communication, safety compliance

Forced distribution — a rating method that fits employee ratings into a predetermined distribution, e.g. 10-70-20

Behaviourally Anchored Rating Scales (BARS) — rating scales whose points are anchored with specific behavioural examples

Management by Objectives (MBO) — a goal-setting approach cascading organizational objectives into individual SMART objectives

Halo effect — a rating bias in which one positive trait leads to high ratings on all dimensions

Frame-of-reference training — training that aligns raters' standards by practising on sample performances

360-degree feedback — performance feedback gathered from supervisor, peers, subordinates, customers and self

Appraisal interview — the formal meeting in which manager and employee discuss the appraisal and agree future objectives

Coaching — short, frequent manager–employee conversations aimed at improving performance through questions and feedback

Mentoring — a long-term developmental relationship in which a senior guide advises a junior employee's career

Balanced Scorecard — a strategy tool translating vision into objectives and measures across financial, customer, process and learning perspectives

Pay for performance — compensation systems that vary pay with measured performance

Bonuses — one-time cash awards for achieving specific results, not added to base salary

Legal defensibility — the requirement that appraisal criteria be job-related, consistently applied and non-discriminatory

OKRs (Objectives and Key Results) — a goal framework setting ambitious objectives with measurable key results, reviewed quarterly