



UNIT-2

Performance Management

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Define Performance Management and explain its relevance to organizational objectives and to individual motivation
- ✓ Analyze various tools of performance management
- ✓ Recognize the importance of having clear goals

Unit 2

Performance Management

Management of performance of a certain aspect of an organization is called Performance Management. This could be limited to a certain part of the organization, or the performances of everything related to the company.

It could include overseeing the performance of the entire organization. On the other hand it includes performance of individual features like materials, machines, manpower, the final product, the various departments within the organization, etc.

Performance Management involves more than just managing the employee's performance to achieve the company's objectives. This includes qualitative processes that should be applied to each person in the workforce. Performance management affects the foundation of every organization.

Performance Management is the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals.

The performance management process sets the platform for rewarding excellence by aligning individual employee accomplishments with the organization's mission and objectives and making the employee and the organization understand the importance of a specific job in realizing outcomes.

By establishing clear performance expectations, which include results, actions and behaviours, it helps the employees understand what is expected out of their jobs. It helps in setting standards and eliminates jobs, which are of no use. Through regular feedback and coaching, it provides an advantage of diagnosing problems at an early stage and taking corrective actions.

Performance measures are a means to express expectations at work. In this way, employers can determine the behaviours and conduct at work. In the same way, performance measures must be in line with the main objectives of the company and must support the values of the business or organization.

Performance measures are also essential as a means of enhancing discipline and correcting negative habits that do not support the mission of the organization.

Performance measures dictate the effectiveness and efficiency of the plan used to achieve organizations objectives. Efficiency of the plan points out to the ability to minimize use of resources in achieving organizational objectives. Effectiveness refers to its ability to determine appropriate objectives.

Performance management holds the future of an organization or company. It is important to understand that the image of an organization contributes to its success. In the same way, performance measures must be taken seriously as a means to building a reputation for the organization or company.

As a result, it is crucial to often analyze the practices and trends of every department to determine the standards and procedure being followed by the workers. In so doing, the company can define its values and influence every worker to follow a certain practice which focuses on the interest of the company or organization.

Performance management affects various areas of interest (departments) in any given organization or company.

Areas of Interest in Performance Management

- Customers and stakeholders' satisfaction
- Creation of an environment in which people can be efficient enough to pursuing the purpose of the business
- Efficient and effective conduct of business' internal affairs, in particular by having a structure that supports the key processes
- Timely delivery of outputs to meet performance requirements
- The work environment - it wishes to create an environment where the employees feel free and comfortable. This includes coaching and mentoring activities for staffs to help them improve their performance.
- Delegation of tasks to staff.
- Supporting and facilitating the application of learning from off-job development activities towards the workplace
- Ensuring that organizational policies towards health, safety, quality, product and service development, introduction of info technology systems, and so on are incorporated in the development plan of your unit.
- Discussion of individual development needs.
- Evaluating and measuring performance of staff. The attitudes, level of skills, qualifications, techniques used by, and level of understanding of the employees.
- It checks the progress and the accomplishments of the objectives of the company.

Objectives of Performance Management

The main objective of any performance management team is to improve the performance of the organization. They undertake various objectives to see that, within the given time, they have fixed any loopholes in the system of working and helped raise the standard of work. The objectives are as follows:

- a) To train, motivate, and encourage the employees. To raise the standard of their performance and match the level required by the organisation. They provide any facilities and assistance to them to realise this objective,

- b)** To create incentives or rewards for the employees. To retain key people within the organization,
- c)** To help provide them with the skills and knowledge they may need to achieve their personal goals as well, in a bid to improve their performances,
- d)** To work on improving the relationship between the employee and their superiors,
- e)** To help people perform better in their job. Performance management teams persistently monitor the working of their employees, departments, and all factors of performance within the organisation,
- f)** To achieve the business' goals efficiently. If they spot any areas of weakness, they work to ensure that the situation is resolved through training and conducting workshops for their employees,
- g)** To introduce new and more efficient techniques of working, and to research the fields and areas of the various departments of the business to find the same,
- h)** To create the principles and policies for the organisation to implement in payment of employees, mode of work, rule of conduct, etc.

Functions of Performance Management

There are various functions of performance management. These are different aspects that enhance improvement in workers performance.

1. Goal Setting

This is the process of motivating employees by establishing effective and meaningful performance targets. It has become an effective tool for the practice of human resource management and an over-all performance system approach.

A goal is a performance-driven target that an individual or group seeks to accomplish at work. Specific goals have found to be more effective than vague, or general goals such as “do your best”, as well as no goals at all because it results in higher performance delivery.

However, targets should be challenging rather than easy or routine. Goals should be reachable and not so difficult that pursuing them becomes frustrating.

2. Leading and Coaching

Leading and coaching are recognized as a powerful tools for learning and development. With clear goals and supportive relationships, leading and coaching can be a very effective technique for developing individuals and improving performance.

Leadership styles play a leading role in an employee's work development. As a result, it is important to choose an appropriate leadership style to develop people's skills, confidence, and commitment.

The leadership style chosen influences the manner in which the leader communicates with the team. This affects the degree of control which the leader exercises especially in decision making with the team. Many managers have preferred styles that they are comfortable practicing. However, in practice, most people tend to use different styles depending on number of factors.

Like leading, coaching can also be used to train workers. It is still appropriate for people willing to take on a task. It is an appropriate means of improving employee participation at work. The manager needs to direct and monitor performance, but at the same time to focus on supporting staff - agreeing objectives, discussing and explaining the task and how it can be carried out.

Coaching is the process by which you help a colleague to explore ways of tackling problems to change their prospective on work issues leading to an improvement in their ability to perform.

3. Delegation

Delegation is the act of giving responsibility to another person for the completion of a task for which you are generally accountable. It involves giving that person the authority to carry out the task without constantly referring back to you for approval or clearance.

This aspect involves direct interaction between an employer and employee. The employer can evaluate the performance of his or her workers by observing the way they handle their duties. In this way, one can easily correct and dictate other means of completing given assignments. Therefore, it improves performance and workers' output.

Apart from delegating duties, the manager should participate and support employees, check results, and redirect team members where necessary. During delegating, the best approach is to assign the work to staff in stages. This is because giving more responsibilities than they are comfortable with can be counterproductive.

In that case, too much of your time will be spent on coaching, reassuring, and checking. This will be time consuming and defeats the purpose of delegation.

4. Things to Remember when Delegating:

- Be knowledgeable and precise on the tasks to delegate.
- Trust your staff and be enthusiastic to show them your trust.
- Delegation is about partially giving up control but retaining overall responsibility for its completion.
- Timing managers must determine each individual's capacity to receive additional responsibilities and the manner in which these responsibilities can be handed over.

5. Mentoring

Unlike coaching, mentoring is concerned with the long-term acquisition and application of skills in a developing career by a form of advising and counselling. It has been described as a form of professional intimacy in which the mentor and the mentee form a relationship that lies somewhere in the middle of the colleague and friend. Mentoring promotes the organization's vision, values, and strategies and the organization at large.

Mentoring can take place through an informal agreement between two members. It can also be done through a formal mentoring programme, which has been set up to promote learning or support a development initiative.

6. A good Mentor is someone who:

- ✓ Has professional and personal respect from senior management and their peer group.
- ✓ Is familiar with the organization and its external environments, including network contracts.
- ✓ Is committed to the development of the people.
- ✓ Is supporting. He must be supportive to the staff. Staff may have the competence needed to do the job, but as they are taking more responsibility for its completion, they are likely to be low in confidence and apprehensive.

During mentoring, the manager provides a high level of support to encourage and facilitate individuals and teams in making decision.

7. Performance Appraisal

Appraisal has been long considered as a way of appreciating someone's input in a given activity. Performance Appraisal is indispensable to ensure performance improvement. People generally have an intense desire to know how they are doing. They engage in feedback seeking behaviour.

It is generally accepted that feedback enhances individual performance in behavioural management. Performance appraisal plays a very important role in the successful development and deployment of operations strategy.

A glaring weakness of most human resource management programmes is the absence of any systematic, built-in evaluation. Without it, the following benefits will be compromised:

- ✓ A chance to summarize past performance and establish new performance goals
- ✓ An opportunity for clarification and communication
- ✓ A forum for learning goals and career development
- ✓ A formal document to promote advancement or dismissal

8. Punishment

Punishment is one of the most used but least understood and badly administered aspects of behavioural management. It is commonly thought to be the reverse of reinforcement but equally effective in altering behaviour. The reason is that punishment is a very complex phenomenon and must be carefully defined and used.

Punishment is anything that weakens behaviour and tends to decrease its subsequent frequency. Punishment usually consists of the application of an undesirable consequence. It can also be defined as the withdrawal of a desirable consequence. Taking away certain organizational privileges from a manager who has a poor performance could be thought as punishment.

Persons administering punishment must always provide an acceptable alternative to the behaviour being corrected. If they do not, the undesirable behaviour will tend to reappear and will cause fear and anxiety in the person being punished. Punishment should be given with an advanced warning and be immediate, consistent, and impersonal.

There are various means of reinforcement used on employees in order to change negative habits and encourage positive and self-building habits.

9. Rewards

A reward is a positive reinforcement that develops employee behaviour. Organizational reward systems are beneficial to behavioural performance management in an organization.

The organization may have the latest advanced information technology but have a low output. It is appropriate for the management to ensure people are reinforced positively by using reward schemes.

This will develop their performance-related behaviours. On the other hand, if the management focuses on the “up-front” variables (technology, plans, and so on) there will be little impact.

✓ Money as Reinforce

The theory and principles of reinforcement explain that money can indeed be a powerful reinforcement. This is when money is made contingent on identifying performance behaviours. This means that money can be the best motivator to increase workers output and behaviour change.

✓ **Non-Financial Rewards**

Money is the most popular organizational reward, but organizations and companies are continually choosing non-financial reward schemes.

Informally providing contingent recognition and attention (and praise, if genuine) tend to be very powerful reinforcers for most people. The added benefit of such strategy is the low financial cost as opposed to money rewards. In addition, the non-financial rewards may have an appealing result as compared to the money-reward schemes.

Benefits of Performance Management

The aim of performance management is to ensure that the goals of the company are being met regularly, and to scope out any areas that need improvement or enhancement. The elements that go into a performance of any factors of production are the behaviour and the end result.

The team for the management of performance oversees these elements closely, and helps the organization in improving its performance. Performance Management branches are essential for every business. This is because there is large competition in the business field.

Everyday a new business is created to add competition to the existing ones. Any large or small organization is bound to have certain areas that create problems constantly, or work as a loophole to the success of the company.

It is essential for any organization that wishes to not only stay in the competition but to conquer it as well, to initiate a branch that would pick out all the areas of its working that lag behind or are not up to par. And also help improve departments in respect to their performance, and increase profits and the morale of the company workers.

Components of Performance Management

The branch for Performance Management works with a predefined system to achieve its goals. The performance management system follows five key components to accomplish its goals in an organization.

✓ **Planning**

A performance management team sets a level of performance expected from the employees. The employees then work to achieve this level.

If any of the employees fall short of this standard, the performance management team helps them in the areas where they are lacking with training, motivation, and workshops.

However, this set standard of achievement must be reasonable and achievable. The terms should be easy to understand, and flexible to implement.

✓ **Monitoring**

Performance managers continually monitor their employees and the other areas of interest within their organisation, in a bid to catch the weaker areas of the company. They do this with

performance tests and check if the departments are working with unrealistic goals or conditions, and make the required changes.

With constant monitoring of the performances, the management can then tackle all weaknesses before they go on to pose major threats or create unnecessary problems, and cause loss or delay.

✓ **Developing**

With the growing changes in technology and policies, it is important to constantly learn new methods and techniques of working. In a business organization, it is an added responsibility to train and educate employees on new techniques and technology and to help them stay up to date.

Aside from this, the organization must also increase the employees' skills, and their scope of work, through training and workshops.

It must provide them with work that would help them learn new skills and gain experience. It must employ a plan that would steadily help employees strengthen them and increase their responsibilities in the company, and make them competent enough to deal with all the areas of work under their fields.

Project managers can also recognise the areas that need development, either in man or machine, and help them improve. Development and learning must remain a core principle of any work force.

✓ **Rating & Appraisals**

It is a common practice among all businesses and offices today, to rate and appraise the performance of their workers.

This is done in a bid to scope out the best performers, and also to help the employees by letting them compare their work with co-workers.

Employees are rated and appraised on a number of qualities that an organization would want and expect from its workers, and also on the standards required from the workers from the performance plan.

The results of these appraisals then help the leaders of the organization in making decisions on the termination, promotion, and retention of various employees, and also if they deserve a raise in their salaries.

✓ **Act of Appreciation**

It is important to reward an employee for his or her hard work. Appreciating workers is a responsibility of the performance management team. This follows an evaluation of work for instance at the end of the year.

The performance management recommends managers to reward employee for a good job done with a project or some time off to relax and refresh the employees. In so doing, the employees come back to work with a regenerated body and mind.

A company that refuses to recognize the contributions of its employees, and instead enforces more work onto them without gratification, would end up with having a work force that is frustrated and dissatisfied.

Therefore, it is important that the managers and their teams should possess an attitude that would help and enhance the performance.

Further Reading:

- ✓ *Performance Management Systems and Strategies (Pearson Education India 2013) Dipak Kumar Bhattacharyya*