

Performance management benefits organizations and their employees

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Abstract

High performing organizations require effective employee performance management systems to promote and develop the values, principles, and competencies needed to sustain their optimal outcomes. Performance management can be regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. Effective management of individual performance is a source of sustainable competitive advantage through attempts made towards promotion of high performing workforce. For a firm to achieve this, performance management system must be used not just as evaluation and documentation tool but also as a strategic tool. In this way, there will be a holistic analysis of performance at organizational, process and individual levels for individual satisfaction, commitment and goal attainment.

Performance management (PM) can be regarded as a continuous process of managing the performances of people for getting desired results. This is beneficial to all major stakeholders of an organization by clearly describing what is supposed to be done for attaining certain desired goals. High performing organizations require effective employee performance management systems to promote and develop the values, principles, and competencies needed to sustain their optimal outcomes. Performance management is a much broader and a complicated function of people management, as it encompasses activities such as joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programmes and rewarding achievements. It can be regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework (Drumm, 2005). It is a means for promoting superior performing workforce by giving emphasis on job description, identifying components of performance management, performance improvement plan and 360-degree feedback mechanism within a required competence framework and establishing achievable benchmarks.

Job description

An employee's job description is integral in the development of his or her quarterly employee development plan. Such an effective job description establishes a base so that an employee can clearly understand what they need to develop personally, and contribute within the organization.

- Job descriptions provide an opportunity to clearly communicate about company direction, tell the employee where he or she fits inside of the big picture, and set clear expectations for what expect from people.
- Recruiting new employees or job postings for internal applicants, job description tell candidates exactly what they want.
- Clearly written job descriptions help employees, who must work with the person hired, understand the boundaries of the person's responsibilities.

Components of performance management

Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities and it is a whole work system that

begins when a job is defined as needed and expectations are clearly communicated to the employee (Den Hartog et al., 2004). A performance management system includes the following components:

1. Clear job description.
2. Appropriate selection process.
3. Accomplishment-based performance standards, outcomes, and measures.
4. Effective orientation, education, and training.
5. Coaching and feedback.
6. Periodic performance development discussions.
7. Effective compensation and recognition system that reward people.

Performance appraisal and improvement plan

Most organizations have spent insufficient time to establish goals for employee performance and measurements so that an accurate assessment of performance is available. Performance reviews are not an adequate reflection of an employee's work. Performance reviews rarely focus on achievements related to measurable goals. The basic reasons why performance reviews are not an adequate reflection of an employee's work over the year:

- Annual performance reviews tend to focus on the most recent performance and ignore the contributions an employee makes all year long.
- Performance reviews are not objective or measured properly.
- Managers rarely seek feedback from other managers and co-workers about an employee's performance.

The performance improvement plan (PIP) is designed to facilitate constructive discussion between a staff member and his or her supervisor and to clarify the work performance to be improved. In all cases, it is recommended that the supervisor's boss and the human resources department review the plan. This will ensure consistent and fair treatment of employees across the company (Heinen and O. Neill, 2004). The supervisor will monitor and provide feedback to the employee regarding his or her performance on the PIP. The supervisor should review the following six items with the employee in case of use of this plan:

- State the level of performance expectation and that it must be performed on a consistent basis.
- Identify and specify the support and resources will be provided to assist the employee.
- Communicate your plan for providing feedback to the employee.
- Specify possible consequences if performance standards are not met.
- Provide sources of additional information such as the employee handbook, standing orders, etc.

360-degree feedback mechanism

Organizations those are happy with the 360-degree component of their performance management systems in order to identify the following positive features of the process. These features will manifest themselves in well-managed, well-integrated 360-degree feedback processes:

- Provides well-rounded feedback from peers, reporting staff, co-workers, and supervisors. This can be a definite improvement over feedback from a single individual.
- Multi-rater feedback makes team members more accountable to each other as they share the knowledge that they will provide input on each member's performance.

- 360-degree feedback is one of the best methods for understanding personal and organizational developmental needs.
- Additionally, many employees feel 360-degree feedback is more accurate, more reflective of their performance, and more validating than prior feedback from the supervisor alone.
- When feedback comes from a number of individuals in various job functions, discrimination because of race, age, gender, and so on, is reduced;
- Especially in feedback processes that involve the internal or external customers, each person receives valuable feedback about the quality of the product or services.
- 360-degree feedback provides comprehensive information about organization training needs.

High performing workforce

One key factor in employee motivation and retention is the opportunities for employees want to continue to grow and develop in job and career enhancing skills (Hartog and Verburg, 2004). In fact, this opportunity to continue to grow and develop through training and development is one of the most important factors in employee motivation. The focus of all aspects of this is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers. In the competitive business environment organizations must give due attention towards the following aspects to develop a superior, high performing workforce:

- Create a documented, systematic hiring process.
- Provide the direction and management needed to align the interests of the high performing workforce with their organization's goals and desired outcomes.
- Quarterly performance development planning meetings are to be held that establish aligned direction, measurements and goals.
- Provide regular feedback.
- Development of a recognition system that rewards and recognizes people for real contributions.
- Provide training, education and development to build a superior, high performing workforce;

Effective management of performance is a source of sustainable competitive advantage. For a firm to achieve this, performance management system must be used not just as evaluation and documentation tool but also as a strategic tool. In this way, there will be a holistic analysis of performance at organizational, process and individual levels for individual satisfaction, commitment and goal attainment.

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