



Performance Management

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ABSTRACT:

Performance Management is a continuous and systematic approach that ensures the achievement of organizational business goals by streamlining employee performance and efforts to match the set goals efficiently. Performance Management builds a communication system between a manager and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization.

Introduction:

Performance management is the process of continuous feedback and communication between managers and their employees to ensure the achievement of the strategic objectives of the organization.

The definition of performance management has evolved since it first appeared as a concept. What was once an annual process is now transitioning to continuous performance management. The goal is to ensure that employees are performing efficiently throughout the year, and in the process, address any issues that may arise along the way that affect employee performance.

“Most workers perceive their organization’s performance management approach as confusing, subjective, and infrequent,” said [Kathi EnderesOpens a new window](#) (vice president, Talent, and Workforce Research Leader) and [Matthew ShannonOpens a new window](#) (senior research analyst) at Bersin, Deloitte Consulting LLP, in an exclusive with HR Technologist.

Importance of Performance Management:

1. Performance management supplements the annual [performance reviewOpens a new window](#). This prepares both employees and managers about what to expect during the annual appraisal. It keeps both the manager and the employee in the loop about ongoing changes to the performance management process, what both can do to streamline it, and how performance overall can be improved.

2. To employees, continuous performance management indicates that managers value them. Employees believe that their managers are interested in their work and care about their goals and any issues they may face in the course of their job. They also become more open to receiving constructive feedback.

The Performance Management Cycle

The performance management process or cycle is a series of five key steps. These steps are imperative, regardless of how often you review employee performance.

1. Planning

This stage entails setting employees' goals and communicating these goals with them. While these goals should be disclosed in the job description to attract quality candidates, they should be communicated once again when the candidate becomes a new hire. Depending on the performance management process in your organization, you may want to assign a percentage to each of these goals to be able to evaluate their achievement.

2. Monitoring

In this phase, managers are required to monitor the employees performance on the goal. This is where continuous performance management comes into the picture. With the right performance management software, you can track your teams performance in real-time and modify and correct course whenever required.

3. Developing

This phase includes using the data obtained during the monitoring phase to improve the performance of employees. It may require suggesting refresher courses, providing an assignment that helps them improve their knowledge and performance on the job, or altering the course of employee development to enhance performance or sustain excellence.

4. Rating

Each employees performance must be rated periodically and then at the time of the performance appraisal. Ratings are essential to identify the state of employee performance and implement changes accordingly. Both peers and managers can provide these ratings for 360-degree feedback.

5. Rewarding

Recognizing and rewarding good performance is essential to the performance management process, as well as an important part of [employee engagement](#)[Opens a new window](#). You can do this with a simple thank you, social recognition, or a full-scale employee rewards program that regularly recognizes and rewards excellent performance in the organization.

Types of Performance Management in HRM

The types of performance are determined based on the vertices included in the [performance appraisal](#) or review system. It can range from the self-assessment of the employee to the review from different members of the [organization](#) such as managers, peers as well sometimes extend to check the review of customers and investors.

- a) **General Appraisal-** In this type of performance management there is continuous communication between the manager and employee regarding the performance throughout the year. They communicate about the pre-set goals, the objectives, the performance feedback, and set the new goals.
- b) **360-Degree Appraisal-** In appraisal the feedback about the performance and behavior of the employee is provided by peers and the manager of the employees.
- c) **Technological Performance Appraisal-** This appraisal is totally based on the technical knowledge of the employee. The technical expertise and capabilities of the employee are throughput and identified by the manager.
- d) **Employee Self-Assessment-** The employee compares their own performance with the standard performance expected from them. The manager has discussions with employees about their performance achievements or failure.
- e) **Manager Performance Appraisal-** This system is designed for the appraisal of the manager. Here the feedback from the team members and client is collected to evaluate the performance of the manager.
- f) **Project Evaluation Review-** This is considered the best way to identify the performance of an employee at work. After completion of each project, the performance of the employee is evaluated, and based on the review another project is assigned to the employee.
- g) **Sales Performance Appraisal-** A specific monthly or yearly sale target is assigned to the employee at the beginning of the year. At the end of the financial year, the salesperson is judged on the set target and the sales result of the employee. In this system, it is important to set a realistic sales target for the employee.

Objectives:

- It helps to identify the skills and knowledge required to perform a job efficiently.
- It is a very important factor to motivate employees and boost employee empowerment
- It provides a communication channel between the team and supervisor. It makes the goal-setting process more transparent.
- It identifies the issues which leads the low performance and also resolve the issues by providing suggestion about development interventions.

- It provides data for several important decisions such as promotions, strategic planning, succession planning, and performance-based compensation.

The purposes of the performance management system are as follows:

1. **Feedback Mechanism:** The purpose of the [performance management system](#) is to develop a systematic feedback mechanism. It creates a pathway through which the employees become aware of their contribution to the organization in terms of performance. It also conveys to the employee the improvement required in the performance to meet the set standards.
2. **Development Concern:** It addresses the development issues in the organization. It recognizes the skill and knowledge development required in the organization and facilitates the training programs which are appropriate.
3. **Documentation Concern:** It creates a database for the organization in which all the information about the employees is collected. The information about the performance level, skills, knowledge, expertise, and regular rewards received by the employee is maintained in this database.
4. **Diagnoses of Organizational Problems:** The up and down in the performance of the employee is recorded using a performance management system. This record helps to diagnose the organizational problems. It provides an idea about where the work is going wrong and what improvements are required to improve the performance status of the organization.
5. **Employment Decisions:** Based on the performance management records various important decisions are taken by the management. The decision includes an arrangement of [training and development](#) programs, promotion, increase or decrease in compensation, hiring decisions, and many more.

SCOPE OF THE STUDY:

To help each employee understand more about their role and become clear about their functions.

To be instrumental in helping employees to better understand their strengths and weaknesses with respect to their role and functions in the organization.

To help in identifying the developmental needs of employees, given their role and function. To increase mutuality between employees and their supervisors so that even employee feels happy to work with their supervisor and thereby contributes the maximum to the organization.

To act as a mechanism for increasing communication between employees and their supervisors. In this way, each employee gets to know the expectations of their superior, and each superior also gets to know the difficulties of their subordinates and can try to solve them. Together, they can thus better accomplish their tasks.

To provide an opportunity to each employee for self-reflection and individual goal setting, so that individually planned and monitored development takes place.

To help employees internalize the culture, norms and values of the organization thus developing an identity and commitment throughout the organization

RESEARCH METHODOLOGY:

The research design in my case was exploratory research design, which is also known as Formulative Research Design. The main purpose of my study was getting the opinion of people regarding the performance appraisal system and what are the problems which are faced by the appraisees and the appraisers. The research design in my study was flexible to provide opportunities for considering different aspects of the problem under study.

Types of Data collected:

- Primary: First hand information was received from the employees through questionnaires and personal interviews.
- Secondary: The data from internet was collected to get a better insight and the company's manual.

SIMPLE RANDOM SAMPLING:

Simple random sampling refers to the sampling technique in which each and every item of the population is given equal chance of being included in the sample. Random sampling is sometimes referred to as REPRESENTATIVE SAMPLING. If the samples are chosen at random and if the sample is sufficiently large, it will represent all groups in the population. A random sample is also known as PROBABILITY SAMPLE because every item of the population has equal opportunity of being selected in the sample

SUGGESTION & RECOMMENDATION:

Set clear expectations for behavior and performance and explain how success will be measured.

Use open, honest, and ongoing two-way dialogue to help employees feel heard and understand how their future actions can best align with company objectives.

Managers may need formal training to sharpen their coaching skills.

LIMITATIONS OF THE STUDY:

The research was conducted within the scope defined. Despite that the research was bounded

Each department is not covered because of random sampling.

Lack of participation in PMS due to confidentiality of the data.

CONCLUSION:

Performance management system can only be realized if it is accompanied by a good communication plan which demonstrates the purpose of the system, how the employees will benefit, clarity on job responsibilities, standards and goals and importantly how the employees and the organisation will benefit. Central to the communication plan is ongoing feedback sessions using multiple communication channels and documenting every achieved target whilst recognising the employee for great performance. It is possible to use a variety of data collection tools to measure performance by means of instruments such as Balanced Scorecard to increase employee engagement and develop a compensation plan that is in line the measured performance. However, some data collection tools are qualitative and may have a degree of subjectivity. A balanced scorecard remains the most transparent instrument to measure performance though demanding to implement.