



PERFORMANCE MANAGEMENT: IT'S ESSENCE IN THE CONTEMPORARY MANAGEMENT CONTEXT

Kalio Tamuno-Iduabia Sobie¹
Omoankhanlen Joseph Akhigbe (PhD)²

^{1,2}Management Department University of Port Harcourt, Port Harcourt, Nigeria

ABSTRACT

Strong performance management rests on the simple principle that “what gets measured gets done.” In an ideal system, a business creates a force of metrics and targets flowing from its top-level strategic objectives down to the daily activities of its frontline employees. Thus, the management is saddled with the responsibility to continually monitor those metrics and regularly engage with their teams to discuss progress in meeting the targets. Hence, good performance is rewarded; underperformance triggers action to address the problem. Organizations that get performance management right become formidable competitive machines; therefore, it is recommended that in the contemporary management context, performance management should not be underplayed as it remains strategic to overall wellness of business institutions today.

INTRODUCTION

Note that many organizations have what is labeled a ‘performance management’ system. However, we must distinguish between performance management and performance appraisal. A system that involves employee evaluations once a year, without an ongoing effort to provide feedback and coaching so that performance can be improved, is not a true performance management system. Instead, this is only a performance appraisal system. Although performance appraisal (i.e., the systematic description of an employee’s strengths and weaknesses) is an important component of performance management, it is just a part of the whole (DeNisi & Smith, 2014).

Organizations can achieve their goals and objectives only through the combined efforts of their employees and it is the task of management to get work done. Employee performance management is fundamental to the effective operation of organizations.

Performance management is an integral part of the employees and organizations relationship. It is essentially an integrating activity that permeates every fact of the operations of an organization.

It is true that successful organization knows, how to win today’s competitive world; this they do by attracting, developing and retaining talented and productive employees. Big organizations get their competitive edge from performance management system that helps them to hire talented people. On the other side, the organizations have to place employees in the right position, along with their individual performance with the

organization’s vision, objectives and develop their abilities and reward with contributions to the organization's success (Mustafa, 2013).

Organizations need to be efficient in doing right things, in the optimum use of their resources and in the ratio of out puts to inputs. But organizations must also be effective in doing the right things and in their out puts related to some specific purpose, objectives.

Performance should be related to such factors as increasing profitability, improved the results in important areas of organizational activities (Mullines, 2007). Innovation as the key to long term success and what leaders of best practice organizations do that is different. They

- ensure they have vision, mission and organizational strategy that are known and understood;
- oversee the setting of demanding but realistic targets;
- set examples in the generating an open, communicative management style;
- champion a culture conducive to learning and continuous improvement;
- distribute leadership responsibilities with the necessary authority, training and resources (Mullines, 2007; Mustafa, 2013)

PERFORMANCE MANAGEMENT

Performance management is the system through which organization set work goals, determine performance standards, assign and evaluate employee’s work, provide performance feedback to employees, determine training and development



needs and distribute rewards to employees (Latham & Locke, 2006); thus, offering more than performance appraisals.

Performance management is very important to both employers and employees. From the employers perspective, it is vital to understand how your employees contribute to the objectives of the organization. A good performance management system enables the organization to understand how its employees are currently performing. It allows organizations to undertake a thorough assessment of the training needs of its employees, set development plans and gives them the option of using the result of the performance management process to influence an individual remuneration (Buller & McEvoy, 2012).

From the employees perspective, the performance management process provides transparency over performance at workplace and can be used to assess future career development requirements

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Efforts to assess employee performance have been focused primarily on the outcomes that are static and sometimes dysfunctional. The changing nature of work, the need for constant improvement and adaptability, necessitates a more dynamic, process-oriented perspective on an employee performance.

Heneman and Thomas (1997) indicate that as performance measures for performance management, outcomes may measure performance relative to the organization's financial goals, while competencies represent the means by which these results are attained. Therefore, a performance management system should be designed to emphasize competencies as well as outcomes consistent with the organization's overall mission and objectives Holt, Noe & Cavanaugh, 1996).

Performance measures discussed above rely on the assumption that personal variables are more important in performance management process. They did not consider other explanations, including the possibility that system factors exert a larger influence on performance in higher level jobs such as executive position or that system factors constrain the variance in performance in lower level jobs (Jawahar & Williams, 1997). In general, managers do not regard constraints on performance as very serious problems hindering the attainment of desired

performance, whereas those performing the work believe constraints are a serious problem

PERFORMANCE PAY

Performance pay simply delineates appropriately rewarding employees according to their individual output levels, in consideration of fairness and equity; incentives given are classified; whereas short-term incentives usually involve an attempt to motivate performance in the short term (i.e., quarter, year) and involve cash bonuses or specific prizes (e.g., two extra days off), long-term incentives attempt to influence future performance over a longer period of time (O'Boyle & Aguinis, 2012). Typically, they involve stock ownership or options to buy stocks at a pre-established and profitable price (DeNisi & Smith, 2014). The rationale for long-term incentives is that employees will be personally invested in the organization's success, and this investment is expected to translate into a sustained high level of performance; however, this is encapsulated in performance management; other benefits that accrue to the system include;

- a) Improved employee morale - Resulting from one time performance appraisals and reward commensurate with employee contribution; morale of workers has direct effect on productivity within the organization. To recognize the value of employee is key to success of any organization. A few words of sincere admiration for a job well done will help increase moral among employees.
- b) Retention of top performers - Employees who feel accomplished in their work becomes loyal employees.
- c) Increased profitability - Loyal employees deliver higher levels of service that result in customer loyalty. It is very important to create an effective team of people which help to increased profitability.
- d) Recruitment of talented people all the time, proper training plan for them according to their jobs. Proper system of motivation, Monitor and measure their productivity and performance. Giving employees the support they need and reward your employees when they deserve.
- e) Right job for right person - The right job for right person in organization effect lot on organizational productivity, the employee who was a real pleasure to be around but who was terrible at his job -Such as really friendly third stringer on the football team who cracks great jokes but can't catch a ball to save his life? Have you ever felt stuck with an employee as if you or your predecessor made the wrong hiring decision and now you have to live with the person, pulling out your hairs because to attempt to improve your performance always end up falling flat. Some-times no matter how like able or hard working an employee is or how much effort you together invest in improving his or her performance even reality dictates him or her never will



be good at his or her current job. He or she will never good with job not because he or she is not motivated for this job or he or she do not have a right tool for this job that he or she need to do his or her job but because he or she does not have the talent or fit for the job.

CONCLUSION

Performance management of an organization is directly connected with performance of employees. Achievement of high level employee's performance is a big need to achieve organizations goals all the time. A high level organization management could not be without high level of employee's performance management in this age of competition.

Effective performance management is essential to businesses. Through both formal and informal processes, it helps them align their employees, resources, and systems to meet their strategic objectives. It works as a dashboard too, providing an early warning of potential problems and allowing managers to know when they must make adjustments to keep a business on track.

Selecting the right targets is both science and art. Hence, every corporate target ought to remain SMART (specific, measurable, achievable, realistic and time-bound); if they are too easy, they won't improve performance. If they are out of reach, staff won't even try to hit them. The best targets are attainable, but with a healthy element of stretch required.

RECOMMENDATIONS

- i) Modern organizational managers should uphold performance management as veritable tool to keep them abreast with incessant changes in technologies, markets, or competitive environments because a disregard of it can leave them unable to respond.
- ii) Every effort should be made towards improving performance of the people who work in organizations by developing the capabilities of teams and individual contributions
- iii) A performance management is a strategic and integrated approach to deliver sustained success to organizations and as such should be upheld for such favorable outcomes to be elicited.

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