PERFORMANCE MANAGEMENT: - CONCEPTUALIZING AND DESIGNING A SYSTEM

Dr. Abdullah Khalid

Assistant Professor, Business Finance & Economics, Maulana Azad University, Jodhpur

ABSTRACT
Performance Management seems to be going up brighter on the horizon of Human Resource Management. It has emerged as its key function. Academicians, researchers, practitioners, and managers, have been contributing to this highly important and complex field of managing individuals and organizations since the last three decades. The plethora of contributions presents a wide variety of solutions for different organizations, situations and individual needs. Here inferences have been drawn, and a broad picture of the concept, and a general theme on designing and its implications has been drawn. The concept of performance management involves appraisal & evaluation and applied behavior analysis. Basically, it is a systematic data oriented approach to manage the people at work that relies on positive reinforcements, to maximize performance.

INTRODUCTION
In todays global economy, there appears to be a resurgence of renewed interest in the area of performance management as companies vie each other in search for a competitive edge, captured by a few but desired by all. The worldwide recession seems to have hastened this pace even more. In an environment where industrial organizations are facing the toughest time they ever had, many of them bowing out of the fear of uncertainties. With this backdrop, the understanding dawned upon is that the best use of human resources only can convert these threats into beneficial opportunities.

Adding fuel to this are the recent employee trends. The work force of the coming generation has surfaced with impatience and unrealistic expectations. They demand without long or proven career baselines, intellectual challenges, higher positions and more money than ever. The traditional work environment is not enough to sustain their behavior. They want a challenging, high paying, and fast paced, autonomous, reinforcing jobs, with more emphasis on personal satisfaction. The new acronym, MT-BOO, or Mean Time Between Other Offers, as given by Hal Lancaster, shows the edginess of the phenomena.

Thus these trends demands a highly specialized Performance Management system, with more responsibilities of appraising, enhancing, inducting, and maintaining the super performing individuals and organizations as a subsequence.

The Concept
The term Performance Management (PM) originated in the late seventies with the increasing use of behavioral science in business. The name of Aubrey Daniels et al. and Bill Hopkins is of special reference in this context when it comes to introducing the term 'Behavior modification' and 'Behavior Management' to the business world. Due to the negative reaction of the people the term was changed to Performance Management. Since then in the field of Applied Behavior Analysis, the term Organizational Behavior Management (OBM) was used, before finally settling for the expression Performance Management, when applied to in a business setting. Over the years and especially in the nineties Performance Management suddenly becomes a popular term with the increasing importance of human resource management.

Performance Management has two meanings -The first is for performance appraisal or evaluation process this is the most common usage. When used in this context the consequences are delivered by the system. The other meaning is for Applied behavior analysis in an Performance organizational setting here the consequences is delivered by an individual or team, performance is always defined as the sum of behaviors and results.

Performance Management is the systematic, data oriented approach to manage the people at work that relies on positive reinforcement as the major way to maximize performance. Performance Management is used across the world in a wide variety of organizations, private as well as public sector. PM has been used to address many organizational issues including quality control,

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safety, and productivity improvement, appraisal system, reward system, behavior analysis, communication process and so on. As such Performance Management can have more than one definition.

Why measure performance?

Most people interested in measuring performance do so for one of these reasons :-

-You can't manage what you can't measure. Managers, as well as self-managing professionals and teams, can define what's expected, give feedback and provide recognition without performance measures.

- You can't improve what you can't measure. It's easy to say, "Let's try this new program" but without data before and after, you can't see if performance is actually improving.

-High performance teams and individuals require clear goals. Creating high performance requires a definition so you'll know it when you see it. In addition, all high performers get there because they have a clear picture of where they're going.

-Pay for performance requires metrics. If you want to pay based on performance, you need to have some way of knowing when the payout has been earned.

Design

Designing a formal performance management system is a difficult proposition for managers in general. Most of the situations are complex and require the help of human resource experts to do the special task. This is quite understandable, as poorly designed systems may do more harm than any good. Such recent new trends, as flextime, telecommuting, 360-degree feedback, the flattening of hierarchies, the six sigma methods and tools and the increased use of temps and contract workers present tough new challenges for supervisors in every field. The general considerations which managers should try to establish for a well-designed system that will give them the power to :-

■ Motivate, and creatively brainstorm the minds and spirit of the employees,

■ Make appraisals and evaluations, Develop and train them,

■ Help these employees to maintain their good performance,

■ Share responsibility, aligning of purpose, and encouraging creative talent,

■ Help managers instill a sense of common purpose, promote communication, and make teams that perform,

■ Shows managers how to create a sense of interdependence in a team, how to set goals through participative leadership, how to anticipate problems and deal with them before they arise,

To obtain immediate, positive results and eliminate self-destructive employee behavior,

Deal with poor performers appropriately, and,

■Attract the type of employee needed.

■Retain the best of them,

The Essentials

Performance management describes the processes by which managers improve the performance of their employees by utilizing their power to reward, develop or discipline as appropriate. A performance management system documents these processes as company policy and may form a legally binding contract between the company and one or more of its employees. It can be negotiated through individual contracts or by collective bargaining either directly with employees or with the involvement of a union. The essential components of a performance management system are:

•Time Factor: A performance plan is negotiated between a manager and employee for a given period (usually one year). The employee agrees to achieve a specified level of performance in exchange for a reward or to avoid discipline. The plan also commits the manager to assist the employee improve his/her performance.

■ Feed Back: During the year the manager gives employees feedback on their performance and may suggest how it can be improved.

■ Appraisal: Performance is appraised at year-end and decisions are made to reward, discipline or develop employees. Performance is measured in terms of either goals or competencies. Goals are best reserved for professionals or managers and competencies used for employees who are less skilled and/or have less control over their work environment. Performance pay or promotional opportunities are typical rewards. Discipline may include dismissal, suspension, and loss of privileges or counseling and are usually applied only to willful misbehavior.

Employee development, (rather than discipline) is used to address incompetence. Employees who either cannot or will not successfully undertake this development are made redundant to their position and either redeployed to a position they can handle (if one is available) or given a redundancy package.

The cycle is completed with a new performance plan. The Process.

The process for introducing a Performance Management System Can be as -:

1. Setting up a consultative process that will facilitate the involvement of managers, employee and union representatives as necessary in the designing of your system.
2. Identifying what you will measure and how you will measure it.
3. Committing your company to decisions to train, discipline, make redundant or reward according to the level of competency achieved.
4. Documenting and designing a system for writing performance plans, giving feedback and appraising performance.
5. Negotiating this system into your Enterprise Agreement and/or Individual Performance Contracts and train employees in its use.
6. Training the line managers to effectively use your system. Effectiveness.

A performance management system will only be effective if it:
■ Rewards behavior that improves the employee's performance,
■ Addresses behavior or incompetence that results in poor performance by discipline, development or redundancy.

Is integrating into a cycle of planning and performance measurement that extends from corporate, through business unit planning down to individual performance agreements

■ Objectively measures performance. If it is not objective, it will not operate as a system but be continually challenged by employees or managers. Objectivity can be achieved by setting competency standards or goals for various levels of performance, explaining how each will be measured and committing to rewards or discipline for each standard during Performance Planning. Appraisal then becomes a simple and unemotional process based on objective criteria. Deciding employee objectives, establishing priorities, and ensuring that employees understand their roles in the organization's overall mission, tips for coaching workers to improve performance levels.

■ Is trusted to be fair. Employees need to be reassured that the system will be used equitably across their organization. Achieve this by negotiating use of the system into an Enterprise Agreement or individual performance contracts and then making implementation of the system as transparent as possible.
■ Both managers and employees see that they have something to gain from using the system. Correct implementation sometimes requires managers to change the way they currently work. If they do not also see how it makes their job easier the system will quickly be seen as a bureaucratic chore and will not be implemented successfully. Good design will ensure ease of operation and managers should then be held accountable for using the system through their own performance contracts.
■ Employees naturally resist having their performance measured because they fear the consequences of it being found unsatisfactory. For most employees, this resistance evaporates very quickly if they can see it also provides real opportunities for superior performance to be rewarded.

CONCLUSION
In conclusion, the process of conceptualizing and designing a performance management system is of paramount importance for organizations aiming to enhance employee performance, align goals with strategic objectives, and foster continuous improvement. This paper has explored the key elements involved in creating an effective performance management system.

Firstly, it is crucial to establish clear objectives and align them with the organization's mission and vision. By defining performance expectations and linking them to broader strategic goals, organizations can create a sense of purpose and direction for employees, motivating them to excel in their roles.

Secondly, the process of designing performance measures and metrics should be carefully undertaken. Selecting appropriate and meaningful indicators allows organizations to assess performance accurately and make informed decisions. Balancing objective quantitative measures with subjective qualitative assessments, such as feedback and developmental discussions, contributes to a comprehensive evaluation process.

Moreover, the involvement of all stakeholders, including managers, employees, and HR professionals, is essential for the successful implementation of a performance management system. Open communication, collaboration, and training ensure that all parties understand the system's purpose, processes, and benefits, fostering a culture of performance excellence.

Furthermore, regular performance reviews and continuous feedback loops promote ongoing development and improvement. By providing constructive feedback, coaching, and opportunities for growth, organizations can cultivate a learning environment where employees feel supported and empowered to reach their full potential.

Lastly, the design of a performance management system should be flexible and adaptable to evolving business needs. Regular evaluations and adjustments based on feedback and changing circumstances enable organizations to refine their processes, ensuring the system remains relevant and aligned with organizational goals.

In conclusion, conceptualizing and designing a performance management system requires careful consideration of objectives, measures, stakeholder involvement, feedback mechanisms, and adaptability. When implemented effectively, such a system serves as a strategic tool that aligns employee performance with organizational goals, fosters growth and development, and ultimately contributes to sustained success. Organizations that prioritize the design and implementation of a robust performance management system are better equipped to maximize their human capital potential and achieve excellence in today's dynamic business landscape.

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