

PERFORMANCE MANAGEMENT

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ABSTRACT

Performance management is a means of getting better results from the organisation, teams and individuals by understanding and managing performance within an agreed framework of planned goals, objectives and standards. Performance management therefore, consists of a systematic approach to the management of the people, using performance goals, measurement, feedback and recognition as a means of motivating them to realize their maximum potential. It embraces all formal or informal methods adopted by the organisation and its managers to increase commitment and individual and corporate effectiveness. These can indeed be important elements in a performance management system. However, they are part of an intergrated approach which consists of an interlocking series of processes, attitudes and behaviours which together produce coherent strategy for adding value and improving results.

Key Words: performance, potential, embraces, effectiveness, performance-related pay.

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Introduction

Armstrong (1991) states that the most important thing to remember about performance management is that it is a continuous process shared between managers and the people for whom they are responsible. It is concerned with improving results and with the quality of working relationships. Good performance management means that the people know what their priorities are, they should be doing currently, what they should be aiming for and how well this contributes to both team and company performance. It grows from open, positive and constructive discussion between managers, individuals and teams to produce agreement on how to focus on doing the job better (Rowe, 1984).

Process of performance management starts with performance agreement which sets out objectives and development needs. During the ensuing period, usually a year, performance is continually monitored and assessed. McGregor (1983) says that high performance is reinforced with praise, recognition and the opportunity to take on more responsible work. Low performance is dealt with by coaching and counseling, which takes place at that time. It is not deferred until the formal review at the end of the year when it will have lost its immediacy and where the formality of the proceedings militates against a constructive discussion.

Both the individual and the manager prepare for the formal review. The former carries out a self-assessment of performance in achieving objectives and considers the points he or she would like to make about work and career prospects. The latter also considers the results obtained by the individual and decides how he or she wants to plan the meeting. The performance review meeting is, to a degree, a stocktaking exercise but its emphasis is on looking forward to next year and formulating a performance agreement rather than ranking over past events.

Mumford (1989) states that performance management system includes all the process described above. It incorporates many of the features of the results oriented-performance appraisal schemes which review performance against targets or standards. A performance management system, however, does not usually incorporate merit rating which attaches numerical values or grades to judgements about the degree to which an individual possess a characteristic such as initiative or judgement. The approach to performance management is based on the philosophy of management by objectives.

Principles of Performance Management

Beach (1980) says that the effective development of people and the improvement of performance involve a number of basic principles given hereunder:

- The culture must recognize human resource management as one of its values and there must be a genuine people orientation.
- There must be a commitment to increase management's time to personnel matters on a day to day (as opposed to once-year) basis.
- The emphasis must be on future-oriented goals and coaching, not reviews of past mistakes or short-term results alone.
- Long-term, team oriented goals that are consistent with the continuous improvement of the organisation as a whole should balance short-term, component of specific objectives.
- Communication with each employee must be honest and timely, should be aimed at performance improvement, increased mutual involvement in goal setting and definition of performance standards.
- Management skills must be at a level to make the performance improvement process operate effectively.
- Employees should have increasing responsibility for planning their own jobs.
- Managers, as appraisers, should be prepared to canvass the opinions of others in the organisation, rather than rely on a subjective assessment of subordinates' performance.

To achieve these principles, management at senior levels in the organisation must set an example. The effectiveness of performance management hinges on the commitment of individual managers to change their behaviour and modify the way the internet interacts with their employees on a daily basis.

Performance Management Elements

These elements are given below:

- i) **Setting and clarifying performance goals**

Armstrong (1991) says that the underlying principle is mutual involvement and agreement in setting goals and performance expectations. Performance management differentiates between key goals and ongoing position responsibilities. The later represents those tasks which form the routine part of the job. Key goals focus on actions leading to continuous improvement in effectiveness. They probably represent a few especially important activities to be pursued and may be more than a year in scope. Key goals may be team goals which represent the integrated activities of more than one person.

Equally important is the agreement on work process expectations and these refer to how the work gets done. They are important because how the results are achieved will determine whether the results have a lasting positive or negative effect on the organisation in terms of building trust, co-operation and consistency of purpose.

ii) **Performance Coaching**

The objective of coaching is to build skills and relationship in order to achieve continuous performance improvement. Therefore, performance coaching is appropriate for all employees regardless of their performance rating. This coaching must be a two-way process and must emphasise and describe behaviour, not personality. Coaching is most effective when it occurs within a trusting relationship, and occurs frequently. Both goal-setting and evaluation discussions are also coaching sessions and therefore a two-way process.

iii) **Evaluation**

Evaluation is inherent in the goal setting and coaching processes and provides the basis for development and reward. Therefore, formal evaluation should be a routine, no-surprises, culmination and review of past discussions. Most managers approach formal evaluation with trepidation and often consider it a waste of time at best, because of the inherent problems in the process. Lack of agreement and understanding of goals and expectations and failure to provide coaching along the way, are the main problems. If people know what is expected of them, know how their performance will be measured and receive periodic feedback, the formal evaluation session itself is less threatening. It should be a productive event because it is another opportunity to coach. A formal evaluation session will be seen as productive if:

- it is a two-day future-oriented discussion about the behaviour and what can be done to improve it; and
- the criteria are seen as appropriate by both the person being evaluated and the evaluator.

How Performance Management Works

Below, see how performance management works.

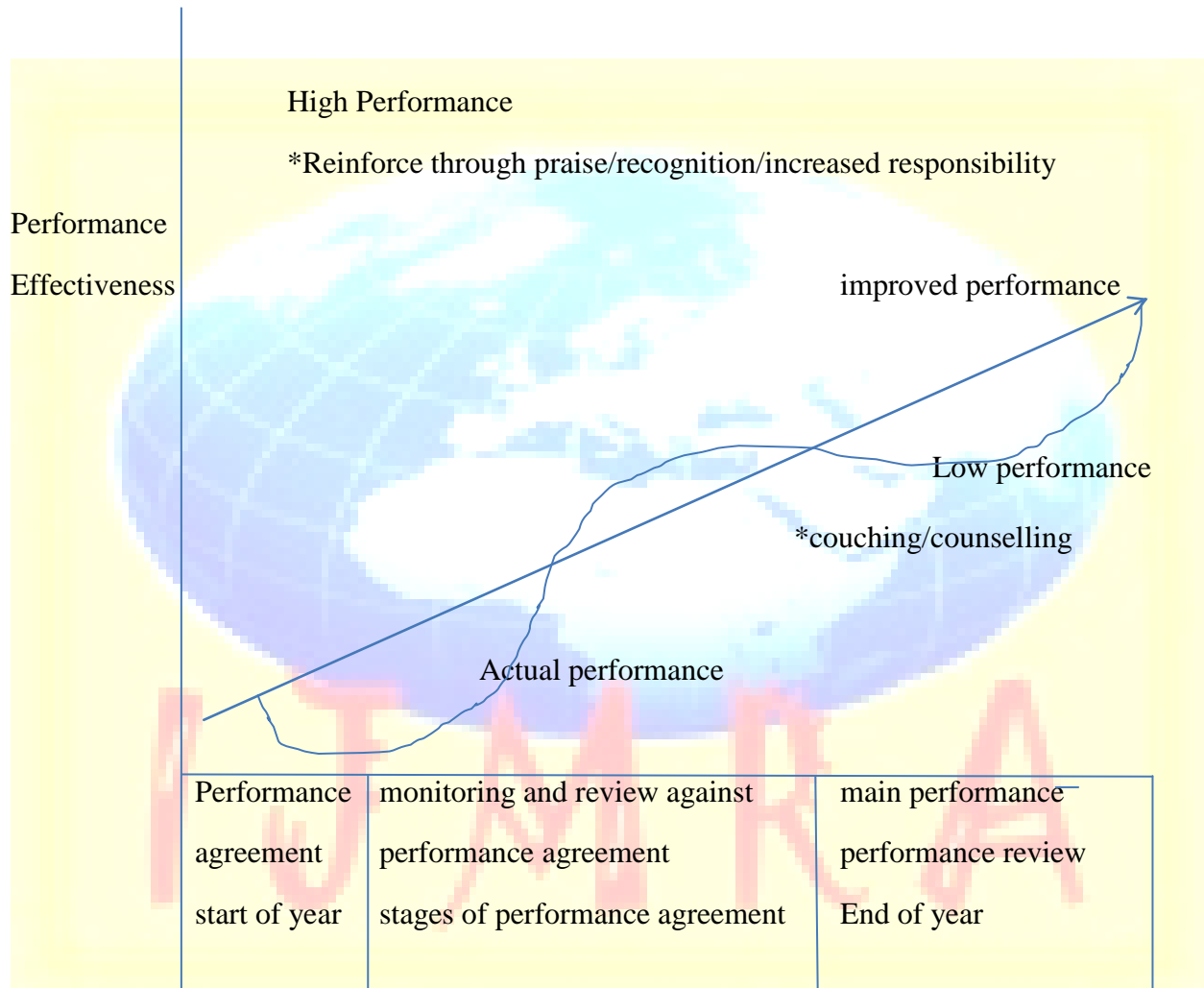


Figure 1: How Performance Management Works

According to Rowe (1984), the process of performance management starts with a performance agreement which sets out objectives and development needs. During the ensuing period, usually a year, performance is continually monitored and assessed. High performance is reinforced with praise, recognition and the opportunity to take on more responsibility. Low performance is dealt with by coaching and counseling, which takes place at the time. It is not deferred until the

formal review at the end of the year when it will have lost its immediacy and where the formality of the proceedings militates against a constructive discussion.

Both the individual and the manager prepare for the formal review. The former carries out a self-assessment of performance in achieving objectives and considers the points he or she would like to make about work and career prospects. The latter also considers the results obtained by the individual and decides how he or she wants to plan the meeting (Cummings, 1985). The performance review meeting is, to a degree, a stocktaking exercise but its emphasis on looking forward next year and formulating a performance agreement rather than raking over past events.

It will be noted that performance related-pay is not mentioned as part of this process. This is because performance management is essentially an objective and development need setting and review system. Performance-related pay is an optional extra, which in the right circumstances and for the right people, can reinforce the messages provided by the sequence of activities illustrated in Figure 1 above. Many organisations, however, have introduced performance Management successfully without an element of performance-related pay; others have found that performance-related pay has not delivered the expected results when it has been grafted without sufficient thought to a performance management scheme.

Performance Management Philosophy

Armstrong (1991) says that performance management philosophy emphasizes the agreement of objectives and development need and the importance of self-assessment and self-development. It is positive and forward looking and it regards development as a joint responsibility of the individual and the manger.

One shift of emphasis from belief that in reviewing performance it is necessary not only to measure results but also to analyse the behavior that contributed to those results. And this analysis refers to the behavior of the individual and that of the manager in the latter's role of providing direction, guidance and support. Behavioral analysis in performance management, however, is not concerned with personality traits. Instead, it focuses on the evidence provided by

the analysis of what individuals and their managers did or did not do as an explanation of the results achieved. This information is used positively to establish what needs to be done in the future. No time is wasted on recriminations about the past.

Another difference is that performance management provides more opportunities for individuals to discuss their work problems and aspirations with their managers in an atmosphere from which the daunting process of concentrating on quantifiable results has been removed.

Finally, an important feature of performance management is the importance attached to its being a continuous process – a natural aspect of management – rather than the potentially stressful annual event when people may be confronted with evidence that they have failed in some way to come up to standard, based on happenings long since forgotten or not dealt with at the time.

Research Methodology

Methodology is defined in two major ways. In one form, methodology is identical to a research model employed by a researcher in a particular project including basic knowledge related to the subject and research methods and the framework employed in a particular context (Lathor, 1992). In this sense, every investigation has a distinct approach and every researcher employs his/her approach which might vary from study to study. Another definition relates to the nature of approach to a theoretical and more abstract context and perceives it in conjunction with distinctive undimensional and mutually exclusive theoretical principles (Westhuizen and Ahrahams, 2002).

Here, an approach offers the research principles which are related closely to a distinct paradigm translated clearly and accurately down to guidelines on acceptable research practices. The approach is determined not by the research model but rather by principles of research entailed in a paradigm. The approaches that result from this definition are the qualitative approach and the quantitative approach. As this study applies qualitative approach, below it is going to be discussed briefly.

Qualitative Approach

The study which is under review is a qualitative or case study one. Denzin and Lincoln (1994) define qualitative research as a multi-method in focus, involving an interpretive and naturalistic approach to its subject matter. Creswell (1994) defines qualitative research as an inquiry process of understanding, based on distinct methodological traditions of inquiry that explore a social or human problem. Qualitative research is invariably conducted in the field and for this reason, it is sometimes referred to as field research (Dooley, 1992). Guba and Lincoln (1992) say that qualitative research is sometimes referred to as case study research.

This means that the qualitative researchers, study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them. Qualitative research involves the use and collection of a variety of empirical materials – case study, personal experience, introspective, life story, interview, observational, historical, interactional and usual texts that describe routine and problematic moments and meaning in individuals' lives.

Sources of Data and Sampling Method

The study employed two sources of data collection and these are primary and secondary sources. Secondary sources included relevant academic journals, text books and publications by employment agencies. The primary sources involved the use of well-structured questionnaires administered on a sample of 360 randomly selected respondents from a population of 720 from the civil service, manufacturing companies and Harare City Council, each sector being represented by 120 respondents. By the nature of their working conditions, management performance reviews the performance of the workforce. The respondents stated that their superiors reviewed their performance intermittently resulting in low performance. The data collected were analysed with the aid of qualitative methods which included the use of tables and frequency distribution.

Management by Objectives

McGregor (1983) says that management by objectives, as an approach to performance appraisal, emphasizes the need to agreed output as defined by targets, tasks to do accomplished or standards of performance. It rejects the idea that managers should appraise the personality characteristics of their subordinates on the grounds that such judgements cannot be substantiated, create tension between the appraiser and the appraised and simply, in McGregor's (1983) words, that managers are "playing god", a role for which they are singularly ill-equipped. He suggested that the emphasis should be shifted from appraisal to analysis.

Management by objectives is in itself a fine principle but it was carried to excess. Frantic efforts are made to quantify the unquantifiable – most of the output of many service and support jobs can be assessed only in qualitative terms, as is usually the case with a number of key areas of responsibility in jobs, such as production and sales, which are largely concerned with measurable outputs. Management by objectives has been designed to overcome certain of the inherent problems of traditional appraisal systems. It really constitutes a new way of managing. A major goal is to enhance the superior – subordinate relationship, strengthen the motivational climate and improve performance.

As it is applied in practice, certain variations from the methods, here described, occur. According to McGregor (1983), the procedure given here is closest. It is very similar to the work-planning and review method developed by a team of behavioral researchers at the General Electric Company. Some writers say that top executives meet with their immediate subordinates in groups to set goals for the company and for the major divisions. This process is carried on down the various echelons of the organisation. Also the executives meet privately with their subordinates to establish individual goals.

Targets set can be both quantitative and qualitative. Thus a manager of the manufacturing for the ensuing year might set personal and divisional targets of reduction in direct costs of 4%, reduction of spoiled product by 2% and increase of return on investment to 14%. Qualitative

goals may be to improve work flow, to institute better on-the-job training and to improve shop house-keeping.

Management by objectives that involves mutual goal setting is most appropriate for technical, professional, supervisory and executive personnel. In these positions there is generally enough latitude and room for discretion to make it possible for the person to participate in setting work goals, tackle new projects and invent new ways to solve problems. This method is generally not applicable for hourly workers because their jobs are usually too restricted in scope. There is little discretionary opportunity for them to shape their jobs. The duties, responsibilities and performance targets are imposed upon them by industrial engineers and supervisors.

Management by objectives possesses a number of advantages. By participating in setting of the goals, the individual acquires a stake or a vested interest in trying to meet them. The General Electrical Company research referred to above, revealed greater accomplishment for those persons who set defined goals than for those who did not. Both the superior and the subordinate are on the same team working for a better-functioning group. A person is not rated against a fixed rating scale. Targets and responsibilities are set and evaluated in terms of the particular situation and abilities. Defensive feelings are minimized because the superior is not a judge but a helper. Emphasis is on performance and not personality traits. The emphasis is also upon the present and the future which can be controlled. In conventional appraisal, the focus is upon the past which cannot be altered.

Carroll and Tosi (1983) have summarized the conclusions of many research investigations into the management by objectives (MBO) process. The report that the goal-setting process is highly instrumental in gaining improved subsequent performance. The degree to which performance improves depends upon whether the goals are at the proper level of difficulty for the individual, whether proper time limits are set and whether the goals are specific. Feedback information on performance is useful when it is timely specific and tasks relevant. Participation yields greater subordinate acceptance of decisions and with proper leadership can generate high-quality decisions. Participation must be genuine not manipulative. Legitimate participation tends to yield higher satisfaction and performance.

Recommendation

For the performance management objectives to be observed by both management and employees, the following be up-held at all costs:

- Superior and subordinate get together and jointly agree upon and list the principal duties and areas of responsibility of the individual's job.
- The person set his own short-term performance goals or targets in cooperation with the superior. The superior guides the goal-setting process to insure that it relates to the realities and needs of the organisation.
- They agree upon criteria for measuring and evaluating performance.
- From time-to-time, more often than once per year, the superior and the subordinate get together to evaluate progress toward the agreed - upon goals. At these meetings new or modified goals are set for the ensuing period.
- The superior plays a supportive role. He tries, on a day to day basis, to help the subordinate reach the agreed – upon goals. He counsels and couches.
- The process focuses upon results accomplished and not upon personal traits.

Conclusion

Performance management is an approach to managing human resources which is designed to tie human resources policies securely into a framework of achieving the strategic goals of the business. To do so, it advocates the formation of a system for managing human resources which generates personal goals from wider strategic objectives, provides information on the extent to which contributions are being made to these objectives, and supplies a means of auditing the process links which deliver the contributions. Rather than comprising a blue-print set of policies, performance management is an approach which can be implemented through a variety of linked policies, including objective-setting, performance appraisal and performance-related pay.

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