

Chapter Review

18

Performance Standards in Management

Objectives...

- 3 review the role of performance standards in the planning process
- 2 explain management by objectives (MBO)
- 1 appraise the role of performance management systems and processes in putting strategy into action

Key Terms

core competence	those capabilities fundamental to the organization's strategy and performance
Management by Objectives	An approach to management which aims to integrate the organisation's objectives with those of individuals; it involves the reduction of overall objectives into unit and individual objectives; in the UK the approach is associated with John Humble. (See also Key Result Area.)
Performance Management	Any system for improving management effectiveness by means of standard-setting, appraisal and evaluation; combines informal day-to-day aspects with formal appraisal interviews and goal-setting.
Performance standard	An expected level of performance against which actual performance can be compared

19. This chapter builds on the previous chapter concerning corporate and strategic planning. In this chapter we highlighted mechanisms to ensure that strategy cascades down the organisation and leads to action. In particular we focussed on the performance management system as a tool to align every manager and employee with the organization's goals thus ensuring effective and efficient behaviours and ultimately helping to assure that organizational goals are attained.