

Performance management

Case duration (Min): **45-60**

Human Resource Management (HRM)

Performance management

Worldwide

Case summary:

Students should either have a lecture about performance management or pre-read on the subject prior to this activity.

Human Resource Management (HRM): Discusses the purpose, process and content of performance management systems.

Learning objectives:

Explain the purpose of performance management.

Discuss the relationship between organisational goals and performance and employee motivation and performance.

Identify and describe common processes associated with performance management.

Discuss the limitations of performance management.

Case problem:

How can individual and team performance be managed to achieve organisational objectives?

Pre class activities...

Students should have pre read text about performance management, see for example Price, A. (2007), 'Human Resource Management in a Business Context', Ed 3, Cengage Learning EMEA.

First, if you are taking a taught management course then consult with your tutor and ensure that the case has not been scheduled into a teaching class or tutorial. If it has not:

1. Play/ read the media associated with the case. You may need to access the Internet and enter a URL to locate any video clips.
2. Attempt the Case study questions.

Consider attempting the case study as a group exercise; you could form a study group with fellow students.

3. Check the suggested answers - remember these are suggestions only and there are often many possible answers.

Discuss questions and answers with other students.

4. If you feel your answer(s) were weak then consider reading the relevant suggested readings again (also see the case study suggested references).

Title/ Media type

URL/ Media description

MSNBC: Kim Zoller on Employee Reviews:

<http://www.openforum.com/idea-hub/topics/managing/video/msnbc-kim-zoller-on-employee-reviews-msnbcs-your-business-dollars-sense>

Film

Kim Zoller, President and Founder of Image Dynamics, discusses the merits of employee reviews. This is a rather simplistic and high level overview of the appraisal process but can be used to stimulate thinking about broader issues.

NOTES:

Case study questions...

Action	Pre/During/After class
1 KEY CONCEPTS: What is meant by Performance Management?	During
2 APPRAISAL INFORMATION: Drawing on the comments made during the case study film clip and your wider knowledge and experience, brainstorm a variety of uses for performance assessment/appraisal information.	During
3 AIMS, RATIONALE AND PURPOSE: The film clip drew our attention to the way performance appraisal should be done-the how to do it but did not comment explicitly upon why. Organisations should try to manage the performance of employees. Discuss the reasons, aims and purpose for performance management-why should managers do it? In your answer, you should also discuss the functions of a performance management system and identify any key assumptions.	During
4 PERFORMANCE MANAGEMENT PROCESSES: We may think about performance management in terms of its purpose, content and the processes involved. Most of the film clip focused on the process (' how to do it'). Kim discussed the review process from a communication of expectations perspective and suggested tactics to minimise employee fear, confrontation and demotivation. She suggested starting with the positives before discussing problem areas and ending with a positive. She did not discuss how performance management systems and processes may vary between companies and countries. In your groups, discuss the environmental context for the conduct of performance assessment and list factors that might impact upon the conduct of the performance appraisal and the content of the performance management system.	During
5 MOTIVATION Identify and briefly discuss the role of motivation theory in performance management	During
6 THE ASSESSMENT PROCESS The film clip emphasised the traditional performance appraisal completed by the immediate supervisor or line manager with the employee. The 'Appraisal' is the process of analysing an employee's work achievement and potential for further development – it is a method of reviewing the performance and potential of employees that is usually undertaken formally and systematically at regular intervals. Identify and discuss who might conduct all be involved in the assessment process, commenting on the role and a number of ways appraisals may be completed	During
7 LIMITATIONS OF PERFORMANCE MANAGEMENT The purpose, content and process of performance management can be problematic as was briefly touched upon during the film clip. Identify and describe potential weaknesses in the performance management methodology and basic philosophy	During

Answers...

CONTROLLED PERFORMANCE

the process of setting performance standards, measuring actual performance, comparing actual with standard, and taking corrective action when necessary.

HIGH PERFORMANCE ORGANIZATION

An organization in which the combination of people, technology, management and productivity are integrated effectively to provide competitive advantage on a sustainable basis.

PERFORMANCE

In human terms this reflects the level of achievement by an individual, measured against what they would be expected to achieve.

PERFORMANCE AMBIGUITY

Occurs when the causes of good or bad performance are not clearly identifiable

PERFORMANCE APPRAISAL

A method of reviewing the performance and potential of employees that is usually undertaken formally and systematically at regular intervals.

PERFORMANCE ASSESSMENT

One of the many people management techniques which 'classify and order individuals hierarchically' (Townley, 1994, p.33). Modern assessment is often focused on competences. See also 'Appraisals'.

Question/ Answer

1 KEY CONCEPTS:

What is meant by Performance Management?

A strategic and integrated approach to increasing the effectiveness of organizations by improving the performance of the people who work within them and by developing the capabilities of teams and individual contributors.

2 APPRAISAL INFORMATION:

Drawing on the comments made during the case study film clip and your wider knowledge and experience, brainstorm a variety of uses for performance assessment/appraisal information.

**Promotions,
Salary increase and the allocation of rewards
Discipline
To highlight undesirable or effective work behaviour
To build human capital within organisations**

3 AIMS, RATIONALE AND PURPOSE:

The film clip drew our attention to the way performance appraisal should be done-the how to do it but did not comment explicitly upon why. Organisations should try to manage the performance of employees. Discuss the reasons, aims and purpose for performance management-why should managers do it? In your answer, you should also discuss the functions of a performance management system and identify any key assumptions.

**This question may overlap slightly with the previous question. However, students should try to categorise their answer in terms of:
Aims-to improve overall organisational performance; to drive change; to increase employee satisfaction, motivation and commitment; to motivate teams; to improve communication between managers and employees; to establish a shared understanding about what is to be achieved,
Functions-to reinforce organisational values, norms and goals; to integrate individual goals and ways of working with those of the organisation; to provide a means to share expectations,
Assumptions-performance management is based on the underlying belief that managers can influence behaviour,**

4 PERFORMANCE MANAGEMENT PROCESSES:

We may think about performance management in terms of its purpose, content and the processes involved. Most of the film clip focused on the process ('how to do it'). Kim discussed the review process from a communication of expectations perspective and suggested tactics to minimise employee fear, confrontation and demotivation. She suggested starting with the positives before discussing problem areas and ending with a positive. She did not discuss how performance management systems and processes may vary between companies and countries. In your groups, discuss the environmental context for the conduct of performance assessment and list factors that might impact upon the conduct of the performance appraisal and the content of the performance management system.

**Business culture: acceptable standards of performance and the management methods by which they are assured
National culture: preferences for top down and upward feedback; attitude towards hierarchy
Sociocultural and technological: employees working from home etc
Legislation: the law, employee contract, job descriptions, ensuring that the employee fulfils their contract; equal opportunities, the validity of performance measurements
The industry
General economic conditions: levels of unemployment and scarcity of employee skills**

PERFORMANCE MANAGEMENT

'A strategic and integrated approach to increasing the effectiveness of organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors.' (Armstrong and Baron, 1998)

PERFORMANCE MANAGEMENT SYSTEM

Establishes performance standards that are used to evaluate employee performance

PERFORMANCE OBJECTIVES

the generic set of performance indicators that can be used to set the objectives or judge the performance of any type of operation, although there are alternative lists proposed by different authorities, the five performance objectives as used in this book are, quality, speed, dependability, flexibility, and cost.

PERFORMANCE RELATED PAY

Payments made to employees in addition to salary, which are for specific tasks performed or targets met.

PERFORMANCE STANDARD

An expected level of performance against which actual performance can be compared

PERFORMANCE TARGETS

Performance targets relate to the outputs of an organisation (or part of an organisation), such as product quality, prices or profit.

MOTIVATION

the driving force within individuals by which they attempt to achieve some goal in order to fulfil some need or expectation

5 MOTIVATION

Identify and briefly discuss the role of motivation theory in performance management

Students may define a variety of motivational theories and discuss relevance; Content theories of motivation focus on the satisfaction of needs, see for example:

Maslow's Hierarchy of needs: lower needs must be met first

McClelland's Acquired Needs Theory is also a three-need model.

Herzberg's Motivation-Hygiene Theory

Process theories of motivation define in terms of a rational cognitive process see for example:

Adams' Equity Theory: Balanced give and take.

Locke's Goal theory

Vroom's Expectancy Theory: We expect what we predict.

In particular, students may emphasise goal setting theory, particularly in relation to management by objectives

Motivation can be defined as a concept used to describe the factors within an individual which stir up, maintain and channel behaviour towards a goal (the purpose toward which an endeavour is directed; an objective). Motivation is goal-directed behaviour. Since it is part of a manager's job to get their work done through others, managers need to understand why people do things (that is, what motivates them) so they can influence others to work towards the goals of the organisation. Motivation can be considered to comprise an individual's effort (how hard a person is trying), persistence (how long a person keeps trying) and the direction (what a person is trying to do) of that behaviour. Motivation theories focusing on the goals we seek are known as content theories, theories that focus on how we make choices with respect to desired goals are known as process theories.

6 THE ASSESSMENT PROCESS

The film clip emphasised the traditional performance appraisal completed by the immediate supervisor or line manager with the employee. The 'Appraisal' is the process of analysing an employee's work achievement and potential for further development – it is a method of reviewing the performance and potential of employees that is usually undertaken formally and systematically at regular intervals. Identify and discuss who might conduct all be involved in the assessment process, commenting on the role and a number of ways appraisals may be completed

Students should discuss the role of the HR department-establishing and managing the system, possibly creating and making available pre-printed forms and tight instructions for the appraiser, ensuring completion to a specific timetable

Appraisal can be completed in a number of ways: self, peer or line assessment, upward appraisal or multi-rater feedback-thus it may be a process restricted to the individual employee themselves or may include their team and supervisors

7 LIMITATIONS OF PERFORMANCE MANAGEMENT

The purpose, content and process of performance management can be problematic as was briefly touched upon during the film clip. Identify and describe potential weaknesses in the performance management methodology and basic philosophy

Confrontational

Employee dissatisfaction with the method

Rewards can take forms other than pay increases; there may be limited opportunity for promotion

May be de-motivational

Difficulties with objectivity and subjectivity and judgement

UPWARD FEEDBACK

An upward review or appraisal system that involves subordinates' appraisal of managers.

MANAGEMENT BY OBJECTIVES (MBO)

A system or style of management which attempts to relate organisational goals to individual performance and development through the involvement of all levels of management.

APPRAISAL

Process of analysing an employee's work achievement and potential for further development.

COMPETENCE

Work related knowledge, skill or ability held by an individual

Case study references

Cole, G A. and Kelly, P P. (2011) 'Management Theory and Practice', Ed. 7. Cengage EMEA.

Price, A. (2007) 'Human Resource Management in a Business Context', Ed. 3. Cengage Learning EMEA.