



Performance Management: the Top Business Priority

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ABSTRACT

Every organization performs its task with the help of resources like men, machinery, materials etc. Amongst all the resources manpower is the only live and generating resource which utilizes other resources and gives output. If manpower is not available then other resources are useless and cannot produce anything on their own. A talented and skilled manpower is the lifeblood of any organization and it plays a pivotal role in areas of productivity and quality. Hence nowadays more attention is directed towards the human resource in the organization and improvement in their performance. That's how the term "Performance Management" has been gaining tremendous importance as companies are making huge investments to manage and improve the performance of their employees. The present paper therefore aims at studying the concept of performance management and its growing importance and need in today's highly competitive business world.

KEYWORDS

resources, manpower, performance management, organization, business

INTRODUCTION:-

Today many organizations are placing a great emphasis on organizational performance. This emphasis has been sustained by performance management as well as the successful management of the employees. The possible reasons for these increase in usage was the need for companies to improve work-force output to meet heavy market demands.

In the era of cut throat competition and globalization, organizations have realized the importance of strategic HR practices for gaining a competitive edge over the competitors. Dynamism of change and diversity have mounted pressure on HR specialist and management team to refine, modify and or make more strategic method to performance management. This takes many forms e.g. MBO, 'hybrid' systems, 360 degree and ranking & rating system. These forms are necessary in order to stay competitive and need effective management.

A well designed performance management system can play a crucial role in streamlining the activities of the employees in an organization for realizing the ultimate corporate mission and vision. Performance management is a useful tool for aligning all the major organizational functions and sub functions so that the focus is directed towards attainment of the organizational goal.

DEFINITION AND MEANING OF PERFORMANCE MANAGEMENT:-

Performance management is the systematic process by which the Department of Commerce involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals. It is a much broader system as it is linked with the processes of planning, implementing, reviewing and evaluating, for augmenting growth and productivity at both the individual and organizational level. It is the term used to refer to activities, tools, processes, and programs that companies create or apply to manage the performance of individual employees, teams, departments, and other organizational units within their organizational influence.

Performance management is a continuous process of identifying, measuring and developing performance in organizations by linking each individual's performance and objectives to the organization's overall mission and goals. Performance management is critical to small and large organizations – for-profit and not-for-profit, domestic and global – and to all industries. After all, the performance of an organization depends on the

performance of its people, regardless of the organization's size, purpose or other characteristics.

OBJECTIVES OF PERFORMANCE MANAGEMENT:-

The major objectives of performance management are discussed below:

- To enable the employees towards achievement of superior standards of work performance.
- To help the employees in identifying the knowledge and skills required for performing the job efficiently as this would drive their focus towards performing the right task in the right way.
- Boosting the performance of the employees by encouraging employee empowerment, motivation and implementation of an effective reward mechanism.
- Promoting a two way system of communication between the supervisors and the employees for clarifying expectations about the roles and accountabilities, communicating the functional and organizational goals, providing a regular and a transparent feedback for improving employee performance and continuous coaching.
- Identifying the barriers to effective performance and resolving those barriers through constant monitoring, coaching and development interventions.
- Creating a basis for several administrative decisions strategic planning, succession planning, promotions and performance based payment.

FUNCTIONS OF PERFORMANCE MANAGEMENT:-

The performance management is mainly concerned with the performance of the people, systems and organization. To achieve this objective performance management performs a variety of functions. These functions are summarized below:

(a) Create Healthy Work Environment: - HR or performance manager works with the people. Their objective is to create an environment of openness, trust, mutual understanding, team spirit and cooperation. In this environment only the manpower can be utilize more effectively to contribute to organizational goals. They create environment with the help of HR policies, day to day dealing, rules and regulations regarding leaves, welfare, promotion, discipline, incentives, training etc. It creates confidence in persons to work without worry.

(b) Develop Performance Plans: - Management goes for planning of the job, competencies required for performing the jobs and standards required for performance of the jobs. It

includes job description, job specification and fixation of job performance standard. Through these plans only the type of person required can be ascertained.

(c) Selection of Appropriate People: - To carry out the various types of jobs in the organization manpower is needed. The required type and number of people are to be selected from the aspirants. So they may be made available at right place in right time for accomplishment of the tasks at required time. This is possible through proper recruitment and selection of employees.

(d) Decision Regarding Performance Standard: - Performance management as a function of human resource management, The management takes decision regarding the required standards of the performance in consultation with top 33 level management, head of departments and experts or consultants. They consider the lowest, highest and average performance of the people at work. After detail discussion the most realistic standards are fixed by the management.

(e) Plans for Development of Employees: - Performance management is interested for development of both employees and organization. With the development of one is the development of both. He conducts orientation of the persons, provides education, and finds out the need for training and conduct training programme for development of skills, knowledge and competencies. This can contribute in improvement of the performance of persons and company.

(f) Measurement of Performance: - After planning and development activities the next task of performance management is to measure the performance of the people at work. For measurement of performance the different criteria has been fixed such as output per hour/shift quality of work, behavior, discipline, level of commitment etc. This helps to find out the poor and good performers out of the lot. On the basis of the measurement of performance further remedial action can be taken.

(g) Performance Feedback: - After measurement of performance of all employees the management finds the slow moving persons. The objective of performance management is to find out the reasons for slow going. They conduct coaching session for such people and give feed back to them. They suggest ways to improve their performance also. This clarifies many doubts of the employees. It helps a lot the persons to understand their caliber and difficulties. Through the coaching and counseling session the attitude of the employees is changed positive.

(h) Design Compensation, Recognition and Reward System: - Through performance appraisal system the slow and fast working persons are identified. As per the output the management designs the compensation, recognition and reward system. For good performers the incentives are designed as per the output.

(i) Contributes in developing good will:-By performing the functions like creating good working environment, planning for performance, measuring performance, providing performance feedback, designing suitable compensation, recognition and reward system the management helps in improvement of the performance as a whole. The work related employees problems are sorted out. It gives a sense of confidence and motivation among persons. These persons create publicity by words of mouth in side and in the public outside. It contributes a lot in creating high goodwill of the company. Provide promotional/career development opportunities for staff.

ADVANTAGES OF PERFORMANCE MANAGEMENT:-

1. Motivation to perform: - Receiving feedback about one's performance increases the motivation for future performance. Knowledge about how one is doing and recognition of one's past successes provide the fuel for future accomplishments.

2. Increase in self-esteem:- Receiving feedback about one's performance fulfils a basic need to be appreciated and valued at work. This, in turn, is likely to increase employees' self-esteem.

3. Knowledge about subordinates: - Performance appraisal as a part of performance management helps the manager gain new insights about a person's performance and personality which further will help the manager build a sound relationship with that person. Also, supervisors gain a better understanding of each individual's contribution to the organization.

4. Clarification of job definition and criteria: - The job of the person being appraised may be clarified and defined more clearly. In other words, employees gain a better understanding of the behaviors and results required of their specific position. Employees also gain a better understanding of what it takes to be a successful performer.

5. Development of self: - The Participants in the system gain a better understanding of their strengths and weaknesses, which can help them better define their future career paths.

6. Fair and appropriate personnel actions: - Performance management systems provide valid information about performance, which can be used for personnel actions such as merit increases, promotions and transfers, as well as terminations. In general, a performance management system helps ensure that rewards are distributed on a fair and credible basis.

7. Aligns organizational activities and processes to the goals of the organization:- PM identifies organizational goals, results needed to achieve those goals, measures of effectiveness or efficiency (outcomes) toward the goals, and means (drivers) to achieve the goals. This chain of measurements is examined to ensure alignment with overall results of the organization.

8. Increased employee responsibility:- Communicating realistic but challenging job expectations and making employees accountable for their decisions and actions result in noticeable improvements in employee tardiness, absences, and organizational commitment.

9. Equitable treatment of employees:- All employees are treated fairly by implementing standardized procedures that promote consistency throughout an organization.

10. Improved business profits:-The bottom line of an organization improves significantly by increasing employee productivity and quality of work.

CONCLUSION:-

Employee performance management is very simple in some ways and in other ways very complex. It consists of lots of parts and it requires some skills. But if it is approached with proper mindset it can work and pay great benefits. Performance management is a vital part of the process of managing human resources with the aim of achieving employee and organizational goals.

In short, a good Performance Management system has the objective, and potential, to increase the performance of the organization through that of its members. You need to make sure it is supported by the management, aligned with its culture, and becomes an on-going people management activity for it to deliver all its potential benefits.

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