

## PERFORMANCE MANAGEMENT SYSTEMS

Performance management includes activities to ensure that organizational goals and objectives are being met in an effective and efficient manner. It can focus on the performance of the organization, department, work-group(s), and/or the individual.

A definition of performance is needed out here. Often performance is defined in terms of outputs or outcomes-the achievement of quantitative and/or qualitative objectives. Some authors have contended that 'Performance is a record of outcomes produced on a specified job function or activity during a specified time period'. Other authors have contended that performance entails both behaviours and results. It is not simply the achievement of targets but the behaviour emanating from the performer that is also important. It focuses people on doing the right things by clarifying their goals. It is owned and driven by line management. It leads to the truism that every successful leader knows: when managing performance both behaviour and results need to be considered.

Performance management reminds us that being busy is not the same as producing results. It also reminds us that training, hard work, and/or commitment is not a result. The focus of performance management is on achieving results - products or services for internal or external customers while keeping desired behaviours in perspective. It is one of the important tools for motivating and controlling human resources and productivity. Used effectively, it has tremendous strategic potential for governing employee behaviour and, in turn, organizational direction through its dynamic links to selection systems, training and development, career planning systems and reward structures. Aligned with corporate strategy it can be used to reinforce the path towards the attainment of the organizational mission.

The purpose of the performance management system is to ensure that:

1. Goals and objectives are set such that the organization moves in the direction of mission and vision attainment;
2. Goals and objectives at the departmental, work-group, and individual level accomplish the organizational objectives;
3. Employees have a clear understanding of the quality and quantity of work expected from them;
4. Employees receive regular information about how effectively they are performing relative to expectations;
5. Employee capacity building needs are identified;
6. Capacity building efforts, including training, development, mentoring, and coaching are monitored on a regular basis;
7. It addresses employee performance that does not meet expectations.

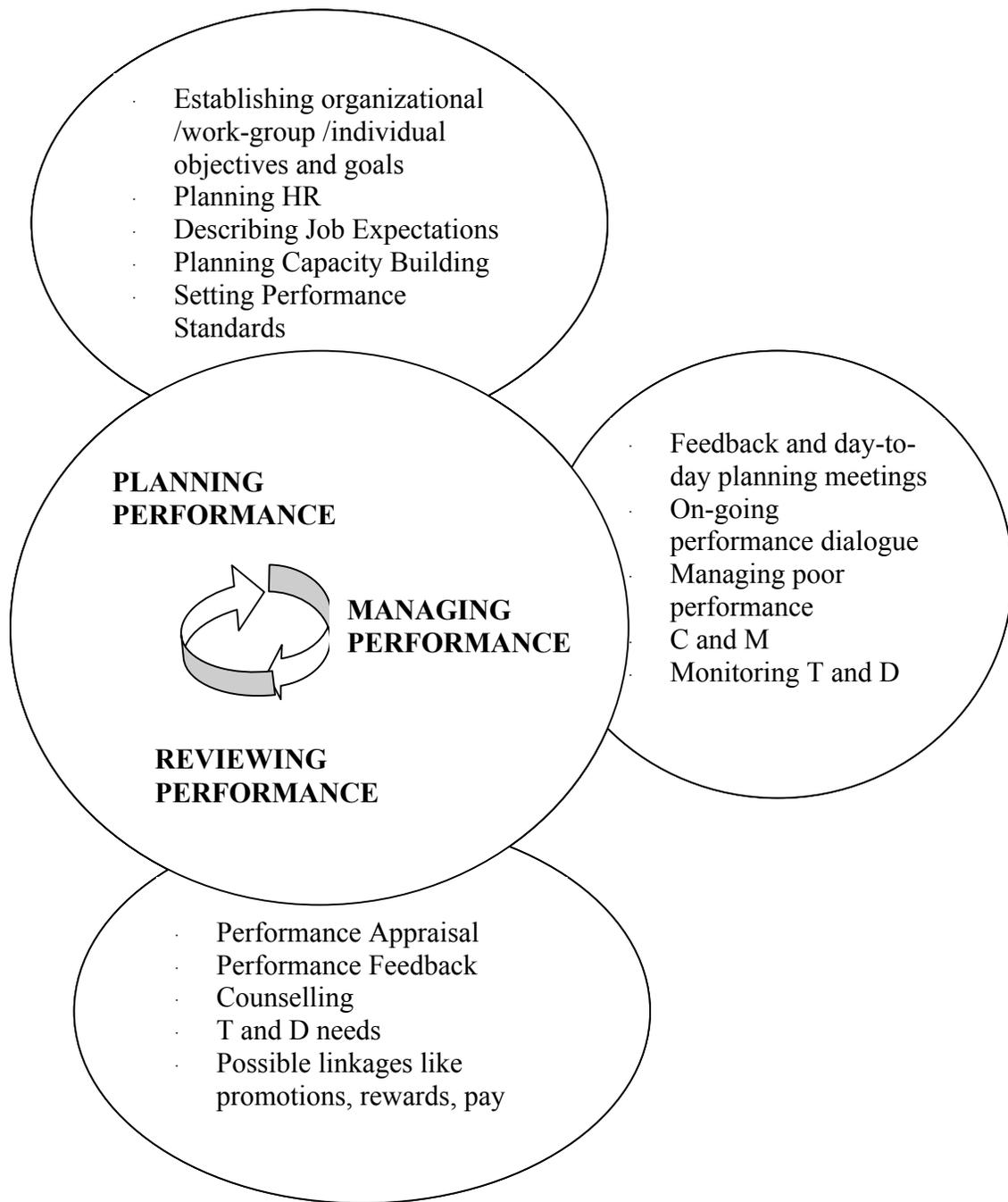
A functional performance management system consists of:

1. A process for establishing goals and objectives at organizational, departmental, work-group, and individual levels;
2. A process for planning for and implementing HR capacity based on aforementioned objectives and goals;

3. A process for setting performance standards at each level;
4. A process for communicating employee performance expectations, providing regular performance feedback, and conducting performance appraisals;
5. A procedure for addressing departmental/work-group/employee performance that falls below expectations; and
6. A procedure for encouraging and facilitating employee capacity building

However, one of the most fundamental purposes of performance management is to align individual/group objectives with organizational objectives.

Figure below represents the Performance Management System (PMS) for an organization. A PMS has three components or pillars reflected by planning, managing, and reviewing performance (*some authors and experts consider reward management as a constituent of PMS*). Each component has a variety of parameters that help in addressing the issues associated with it. For an organization to move towards a PMS it has to address each of the three components mentioned above. An overemphasis on one component to the detriment of the others may affect performance, be dysfunctional to the organization, and may influence employee attitude and behaviour. For instance, an overemphasis on “planning” without adequate attention being paid to “managing” and “review” may signal to the employees that while the organization is serious about setting targets, goals, and objectives and meetings are held to discuss them yet the monitoring of results does not take place. PMS is a cyclical process wherein all the three components complement each other. Institutionalized absence of one or more of the components leads to a breakdown of the PMS cycle. In the figure, “C & M” stands for Coaching and Mentoring and “T & D” stands Training and Development.



**FIGURE: PERFORMANCE MANAGEMENT CYCLE**

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