Performance Management Best Practices and Human Resource Performance in the Organization

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Abstract

Performance management is an important aspect of human resource management. It is used to create a work environment employees are developed and motivated to provide their best performance and do quality work. With the advance of technology in the emerging work environment, the role of performance management in human resource management cannot be overstressed. This study, therefore, seeks to examine the role of performance management best practices and human resource performance in the organization. Data are obtained from secondary sources and analyzed using a content analytical technique. The study leveraged Fuja's (2020) performance management best practices model to advance policy suggestions that modern organizations can adopt and improve the performance of their human resources.

Keywords*: Performance management, Human resources, Communication, Performance*

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Background to the Study

Every organization seeks to enhance productivity using its human capital. Productivity is a function of several actors. Some of these factors include competent and motivated human resources. In addition is the need to develop, implement and sustain performance management systems in the organization. A performance management system is designed to help human resources perform to the best of their abilities and produce the highest-quality work most efficiently and effectively. The system focuses on accountability and transparency and fosters a clear understanding of work expectations (Einstein and LeMere-Labonte, 1989).

Performance management is a continuous and systematic approach that ensures the organization achieves set goals by defining the employee performance and efforts to match the set goals efficiently (Anam, 2019). The process builds a viable communication system between Manager and an employee, in the effort to achieve strategic organizational goals. Doing this requires effective employee planning, identifying, measuring, and developing the performance of the employees in the organization. The outcome must focus on the productivity or performance of the employee, in direct relationship to achieving the strategic goal of the organization.

Achieving effective performance management requires a viable performance system. The performance management system develops a systematic feedback mechanism for the Manger and the employee. It creates a mechanism that helps employees become aware of their contribution to the organization in terms of performance. The system starts with the job design to coaching, training, and development and connects performance with reward and recognition and ultimately results to achieve the organization goals and objectives (Einstein and LeMere-Labonte, 1988).

The absence of an effective performance management system is one of the reasons why most organizations cannot evaluate human resource performance in their domain. Puja (2020) acknowledged that "Traditionally, performance management has been a forward-looking solution based entirely on hindsight". Adding that, "organizational culture is evolving to one of continuous feedback powered by technology, where managers can foresee problems based on current employee performance and initiate any form of course correction to bring the employee back on track". There is, therefore, a need to evolve an effective performance system in line with the current technological trend in organizational business.

However, the system is without its challenges. Were not properly managed, the system can create a negative experience for the employees. It is very overwhelming for managers to evaluate and manage the performance of hundreds of employees working in the organization. The process becomes time-consuming and not worth it. Also, as managers are responsible for several steps in the performance management system a natural bias from the manager's end is expected. The natural biases can result in rater errors. This study seeks to address these concerns by developing an effective performance management system for human resource performance in the organization.

Methodology

Data are obtained from secondary sources; extant literature and official gazettes. The data obtained/reviewed are assessed using a content analytical technique. The study leveraged Fuja's (2020) performance management best practices model to advance policy suggestions that modern organizations can adopt and improve the performance of their human resources.

Literature Review and Study Model

The meaning of performance management is as old as other management principles. However, it became implied since it first appeared as a concept in modern management practice. The aim is to ensure that employees are performing efficiently throughout the year, and in the process, address any issues that may arise along the way that affect employee performance (Puja, 2020). The practice has evolved in recent times as an initiative that guides employees towards establishing and achieving their goals in accordance with organizational strategic goals.

According to Tardi (2021), "Performance management is a corporate management tool that helps managers monitor and evaluates employees' work. Performance management's goal is to create an environment where people can perform to the best of their abilities and produce the highest-quality work most efficiently and effectively". The UC Berkeley's performance management program (2021) defines "performance management is an ongoing process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization. The communication process includes clarifying expectations, setting objectives, identifying goals, providing feedback, and reviewing results" (Berkeley's, 2021).

Armstrong and Baron (1988) stated that it is "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". For Lockett (2018), disclosed that it is "the development of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organization which supports and encourages their achievement". Walters (2010) admitted that performance management is the process of "directing and supporting employees to work as effectively and efficiently as possible in line with the needs of the organization".

It is important to clarify the difference between performance management and performance appraisal. Performance management is the extension of performance appraisal after the feedback or review of the performance. The three additional steps in performance management are performance interview, archiving performance data, and the use of appraisal data (Tardi, 2021). As an advantage to organizational performance, performance appraisal keeps both the manager and the employee aware of ongoing changes to the performance management process. It is an avenue for constructive feedback.

An effective performance management system revolves around a cycle of several activities. According to Puja (2000), the performance management process or cycle is a series of five key steps. These steps are imperative, regardless of how often you review employee performance. The steps are;

1. Planning: Planning deals with setting employees' goals and communicating these goals with them. Effective communication of goals and job descriptions to employees helps attract quality candidates for the organization.
2. Monitoring: In monitoring, managers are required to monitor the employee's performance on the goal. This is where continuous performance management comes into the picture. With the right performance management software, the manager can track his team's performance in real-time and modify and correct course whenever required.
3. Developing: This phase includes using the data obtained during the monitoring phase to improve the performance of employees. It may require suggesting refresher courses, providing an assignment that helps them improve their knowledge and performance on the job, or altering the course of employee development to enhance performance or sustain excellence.
4. Rating: Each employee's performance must be rated periodically and then at the time of the performance appraisal. Ratings are essential to identify the state of employee performance and implement changes accordingly. Both peers and managers can provide these ratings for 360-degree feedback.
5. Rewarding: Recognizing and rewarding good performance is essential to the performance management process, as well as an important part of employee engagement (Pjua, 2020).

Performance Management Program

According to the HR Help Board (2021), "performance-management programs use traditional tools such as creating and measuring goals, objectives, and milestones. They also aim to define what effective performance looks like and develop processes to measure performance". The report added that," instead of using the traditional paradigm of year-end reviews, performance management turns every interaction with an employee into an occasion to learn. Managers can use performance management tools to adjust workflow, recommend new courses of action, and make other decisions that will help employees achieve their objectives". In turn, this helps the organization reach its goals and perform optimally (HR Help Board, 2021).

Performance-management programs focus on work employee accountability. This creates a healthier, motivated more transparent work environment, and emphasis on regular meetings can improve overall communications. Since performance management establishes concrete rules, everyone has a clearer understanding of the expectations (HR Help Board, 2021). When expectations are clear, the workplace is less stressful. Employees are not trying to impress a manager by doing some random task, and managers aren't worried about how to tell employees that they are not performing well. If the system is properly managed, it will produce the desired result (Anam, 2019).

There are performance-management software packages, but templates are generally customized for a specific company. As disclosed in the HR Help Board (2021), effective performance-management programs, however, must contain certain universal elements, such as (as cited in the HR Help Board, 2021):

1. Aligning employees' activities with the company's mission and goals. Employees should understand how their goals contribute to the company's overall achievements.

2. Developing specific job-performance outcomes. What goods or services does my job produce? What effect should my work have on the company? How should I interact with clients, colleagues, and supervisors? What procedures does my job entail?

3. Creating measurable performance-based expectations. Employees should give input into how success is measured. Expectations include results—the goods and services an employee produces; actions—the processes an employee uses to make a product or perform a service; and behaviors—the demeanor and values an employee demonstrates at work.

4. Defining job-development plans. Supervisors and employees together should define a job's duties. Employees should have a say in what types of new things they learn and how they can use their knowledge to the company's benefit.

5. Meeting regularly. Instead of waiting for an annual appraisal, managers and employees should engage actively year-round to evaluate progress (HR Help Board, 2021).

UC Berkeley's performance management program (2021) reiterated that an effective performance management process sets the foundation for aligning the individual's efforts with the university's goals.

1. By linking individual employee work efforts with the organization's mission and objectives, the employee and the organization understand how that job contributes to the organization.

2. By focusing attention on setting clear performance expectations (results + actions & behaviors), it helps the employee know what needs to be done to be successful on the job.

3. Through the use of objectives, standards, performance dimensions, and other measures it focuses effort. This helps the department get done what needs to be done and provides a solid rationale for eliminating work that is no longer useful.

4. Through regular check-in discussions, which include status updates, coaching, and feedback, promote flexibility, allowing you and the employee to identify problems early and change the course of a project or work assignment.

No doubt, this may require time to plan and implement, when eventually implemented can be a very effective motivator to employee performance in the organization. This creates a formal structure for communication between Manager and employee. The managers get involved in routine assessments of job performance. Managers can clarify behavior expectations and job outcomes. This helps in solving organizational problems and improving employees' performance.

Study Model for Performance Management Best Practices in the Organization
This study adopts Fuja's (2020) performance management best practices model. Fuja stated that the only way to ensure the success of performance management is to treat it like a continuously evolving, fluid process by three best practices. This is shown in fig. 1 below;

Fig. 1: Best Practices for Effective Performance Management

1. A well-designed performance management strategy

Some of the key questions that a well-designed performance management plan will answer are:
   a) How often will employee performance be evaluated weekly, monthly, or quarterly?
   b) What systems are in place for this evaluation sentiment analysis trackers, automated pulse surveys, one-on-one meetings?
   c) What approach will a feedback conversation follow?
   d) What will the post-feedback approach and evaluation system be? (Fuja, 2020)

Reviewing and answering the above questions will help the manager and employee keep track of job description, expectations, and performance. However, this will be made possible using an automated performance management tool that allows the organization to set goals, modify them, and communicate changes on the go.

2. A culture of open and effective communication

Continuous monitoring can help initiate conversations about employee issues. A negative sentiment or the poor performance of an employee can be addressed only when communication is open and transparent in an organization. A culture of communication is an organization-wide responsibility, starting from top leadership and trickling down to all

departments. Managers will adopt this culture and deliver honest feedback to employees, allow employees to be honest, and use that information to help them. A culture of communication is also developed by hiring people managers who are skilled in delivering both positive and constructive feedback managers who motivate employees but also hold them accountable for their work (Fuja, 2020).

Fuja (2020) added that transparent communication also includes:
   a. Sharing with the employee exactly what is expected of them.
   b. Coaching employees to reach their maximum potential through actionable goals.
   c. Giving them actionable, not generic, feedback.
   d. Revealing the rewards in place for successful goal achievement.

   3. Continuous monitoring

Continuous monitoring involves tracking employees' progress in real-time and monitoring the output and outcomes an employee delivers. Also, by keeping an eye on employee sentiment, through observation, interactions, as well as with the help of sentiment analysis tools, managers can assess the general mood of their teams. This allows them to address the specific problem at hand as soon as a problem occurs. Fuja (2020) advised that "to enable all these elements of a successful performance management strategy, there is a host of automated performance management systems to choose from. These solutions can simplify several operations that traditionally relied on manual processes as well as monitoring and feedback delivery".

Conclusion and Policy Suggestions

The study primarily focused on the role of performance management best practices and human resource performance in the organization. With the review of extant literature to discuss the variables of the study, the study leveraged Fuja's (2020) performance management best practices model to guide the policy advocacy of the paper. The Fuji model states that the only way to ensure the success of performance management is to treat it like a continuously evolving, fluid process by three best practices; a well-designed performance management strategy, a culture of open and effective communication, and continuous monitoring. In other to address the problems faced by modern organizations, the study advocates,

   1. A well-designed performance management system must show the job description. The expected attitudes and behaviors of the employee must also be addressed during performance management. This will keep the organization thriving and inspired.
   2. Managers must be objective in performance assessment. The feedback should include both positive and negative information about employee performance. However, the Manager can disclose the achievements and accomplishments of the team member in public meetings or on the common communication platform to motivate the performing employee. In very sensitive issues, a one-to-one meeting is suggested to convey the negative feedback to the employee.
   3. To keep the process evolving, employees must communicate feedback of employee performance appraisal systems to employees. Here performance management system makes it mandatory for the supervisor to provide timely performance feedback to the employees. It will boost the morale of workers.

4. The need for a comprehensive compensation strategy in the performance management system. This will be very helpful to motivate the employees to improve their performance.
5. The human resource team (both employers and employees) must be accountable for the implementation of day-to-day performance management in the organization. Special efforts must be taken to build up the skills required to implement the performance management system such as skills to deliver feedback, develop effective two-way communication and coaching.

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