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STAGES OF PERFORMANCE MANAGEMENT SYSTEM

Stage 1: Prerequisites

There are two important prerequisites that are needed before a performance management system is implemented:

- (1) knowledge of the organization's mission and strategic goals and
- (2) knowledge of the job in question.

If there is a lack of clarity regarding where the organization wants to go and if the relationship between the organization's mission and strategies is not clear, then there will be a lack of clarity regarding what each employee needs to do.

A **mission statement** is a statement which is used as a way of communicating the purpose of the organization.

It is not uncommon for organizations to update their mission statement and generally happens when an organization evolves.

According to [Dr. Christopher Bart](#), the commercial mission statement consists of three essential components:

[Key market](#): Who is your target client or customer ?

Contribution: What product or service do you provide to that client?

Distinction: What makes your product or service [unique](#), so that the client would choose you?

Some generic examples of mission statements would be,

"To provide the best service possible within the banking sector for our customers."

or

"To provide the best experience for all of our customers."

Cascading of Goals from the Organizational to the Departmental and Individual Level at Key Bank of Utah.

Organizational Level

- *Mission statement:* The mission of the corporation is to operate as a high-performing financial institution providing a wide range of profitable, competitive, and superior financial services in our market.

Departmental Level

- *Mission (department level):* We will increase the knowledge, management skills, and decision-making abilities of our branch managers so that we will minimize losses and other operating expenses while maximizing the profitability of our branching systems.

Individual (Supervisor) Level

- *Position description for HR manager:* Administers a comprehensive human resources program in the division to ensure the expertise, effectiveness, motivation, and depth (including providing appropriate management succession) to the division's staff members.

Individual (Employee) Level

- *Individual performance:* Information on various responsibilities, standards expected, goals to be reached, and actions to be taken to improve performance in the future.
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Stage 2: Performance Planning

In fact, at the beginning of each performance cycle, the supervisor and the employee meet to discuss, and agree on, what needs to be done and how it should be done.

This performance planning discussion includes a consideration of (1) results, (2), behaviors, and (3) development plan.

Results:

Results refer to what needs to be done or the outcomes an employee must produce or broad areas of a job for which the employee is responsible for producing results.

Example: Consider the job of university professor. Two key accountabilities are

- (1) Teaching (preparation and delivery of instructional materials to students) and
- (2) Research (creation and dissemination of new knowledge).

- An objective for teaching could be “to obtain a student evaluation of teaching performance of 3 on a 4 - point scale.”
- An objective for research could be “to publish two articles in scholarly refereed journals per year.”

However, the performance standards could be “to obtain a student evaluation of teaching performance of at least 2 on a 4 - point scale” and “to publish at least one article in scholarly refereed journals per year.”

Thus, the **objective** is the desired level of performance, whereas the **standard** is usually a minimum acceptable level of performance.

Behaviors:

- ✓ Although it is important to measure results, an exclusive emphasis on results can give an incomplete picture of employee performance.
 - ✓ *For example: The sales figures of a salesperson could be affected more by the assigned sales territory than by the salesperson's ability and performance.*
 - ✓ *This is probably why, in addition to sales figures, sales people like to be appraised on such behavioral criteria as communications skills and product knowledge.*

Note: Behaviors, or how a job is done, thus constitute an important component of the planning phase.

Returning to the example of the Professor

Assume that teaching is done online and that numerous technology related problems exist, so that the resulting teaching evaluations are not as expected. (that is, lower than the standard of 2).

This is an example of a situation in which behaviors should be given more importance than results.

In this situation, the evaluation could include competencies such as online communication skills.

Communication can convert a loser to a winner

Funny Example

A well-known speaker met with a number of unexpected problems right at the beginning of his speech: his notes flew off from the reading stand; the microphone attached to his necktie became loose and dropped down with a thud; and he had an attack of an unduly large number of loud and nasty sneezes.

when he appeared to have recovered from all of these mishaps and was about to begin the speech, there was a shrill screaming noise sent forth by the audio system.

The speaker, however, didn't look nervous; he looked at the audience with a relaxed expression and said, "How do you like my performance so far?"

The whole crowd laughed at once and highly praised the speaker in appreciation of the fact that he looked totally confident.

That one remark by the speaker had transformed him from a loser into a winner.

Development plan:

- ✓ An important step before the review cycle begins is for the supervisor and employee to agree on a development plan.
- ✓ Development plans usually include both results and behaviors.
- ✓ In a nutshell, personal development plans allow employees to answer the following questions:
 - How can I continually learn and grow in the next year?
 - How can I do better in the future?
 - How can I avoid performance problems faced in the past?

Information to be used in designing development plans comes from the appraisal form.

Specifically, a development plan can be designed based on each of the performance dimensions evaluated.

For example, if the performance dimension “ communication ” and it is rated as substandard, then this dimension should be targeted by the development plan.

Specifically, information on what performance dimensions could be improved is gathered from superiors, peers, customers, and subordinates.

Employees also rate themselves on the various performance dimensions and compare self - perceptions with the information provided by others.

A gap analysis is conducted to examine the areas for which there are large discrepancies between self - perceptions and the perceptions of others.

A 360 - degree feedback system report usually includes information on dimensions for which there is agreement that further development is needed.

This information is used to create a development plan.

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