

## Unit 4

### Performance Management

Performance management is a corporate management tool that helps managers monitor and evaluate 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.

- Performance management tools help people to perform to the best of their abilities and produce the highest-quality work most efficiently and effectively.
- The precept of performance management is to view individuals in the context of the broader workplace system.
- Performance management focuses on accountability and transparency and fosters a clear understanding of expectations.

#### Understanding Performance Management

A formal performance-management program helps managers and employees see eye-to-eye about expectations, goals, and career progress, including how an individual's work aligns with the company's overall vision. Generally speaking, performance management views individuals in the context of the broader workplace system. In theory, you seek the absolute performance standard, though that is considered unattainable.

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. However, 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 company reach its goals and perform optimally. For example, the manager of a sales department gives staff target revenue volumes that they must reach within a set period. In a performance management system, along with the numbers, the manager would offer guidance gauged to help the salespeople succeed.

Focusing on continuous accountability creates a healthier, more transparent work environment, and emphasis on regular meetings can improve overall communications. Because performance management establishes concrete rules, everyone has a clearer understanding of the expectations. 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 working, they probably know it already.

### **What's Performance Management Training?**

Performance management training is an initiative in which employees work with their company, namely their manager, to improve their workplace skills and performance. Performance management training aims to improve performance in the short term as well as advance career trajectory.

Performance management training is most often associated with one-to-one meetings and quarterly or annual reviews but is becoming increasingly tech driven as more companies prioritize learning and development.

### **Why's Performance Management Training So Important?**

There's a clear connection between training and performance management. Training can help improve performance management in your workplace. Training gives employees a framework of how their job duties and tasks should be completed, and, most importantly, what their managers are looking for. It centralizes knowledge in the workplace.

Investing in training can be extremely rewarding to the entire business, including to its clients and customers. There are several benefits to training in a performance management lens, including lower employee turnover, higher employee productivity, higher customer satisfaction and higher profits.

### **What Is a Performance Appraisal?**

The term performance appraisal refers to the regular review of an employee's job performance and overall contribution to a company. Also known as an annual review, performance review or evaluation, or employee appraisal, a performance appraisal evaluates an employee's skills, achievements, and growth, or lack thereof.

Companies use performance appraisals to give employees big-picture feedback on their work and to justify pay increases and bonuses, as well as termination decisions. They can be conducted at any given time but tend to be annual, semi-annual, or quarterly.

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- Companies use performance appraisals to determine which employees have contributed the most to the company's growth, review progress, and reward high-achieving workers.
- Although there are many different kinds of performance reviews, the most common is a top-down review in which a manager reviews their direct report.
- Employees who believe the evaluation's construction isn't reflective of their company's culture may feel dissatisfied with the appraisal process.
- Performance appraisals are also called annual reviews, performance reviews or evaluations, or employee appraisals.

## How Performance Appraisals Work

Performance appraisals are usually designed by human resources (HR) departments as a way for employees to develop in their careers. They provide individuals with feedback on their job performance. It ensures that employees are managing and meeting the goals expected of them, giving them guidance on how to reach them if they fall short.

Because companies have a limited pool of funds from which to award incentives, such as raises and bonuses, performance appraisals help determine how to allocate those funds. They provide a way for companies to determine which employees have contributed the most to the company's growth so companies can reward their top-performing employees accordingly.

## Types of Performance Appraisals

Most performance appraisals are top-down, meaning supervisors evaluate their staff with no input from the subject. But there are other types:

- **Self-assessment:** Individuals rate their job performance and behavior.
- **Peer assessment:** An individual's workgroup or coworkers rate their performance.
- **360-degree feedback assessment:** Includes input from an individual, supervisor, and peers.
- **Negotiated appraisal:** A newer trend that utilizes a mediator and attempts to moderate the adversarial nature of performance evaluations by allowing the subject to present first. Also focuses on what the individual is doing right before any criticism is given. This structure tends to be useful during conflicts between subordinates and supervisors.
- **Checklists:** The evaluator is given a checklist of several behaviors, traits, attributes or job description of the employee who needs to be evaluated. The checklist can contain sentences or simply attributes and the evaluator thus marks the employee based on what describes the job performance of the employee. If the evaluator believes that the employee has certain traits it is marked positive otherwise it is left blank.

## **What Are Performance Appraisals Used for?**

Performance appraisals are used to review the job performance of an employee over some period of time. These reviews are used to highlight both strengths and weaknesses in order to improve future performance.

## **When Should a Performance Appraisal Take Place?**

Performance management is an ongoing process. Throughout the year, managers are encouraged to engage with employees to establish goals, note progress, and provide feedback. Formal reviews or appraisals often take place on a yearly or quarterly basis.

## **What Is a 360-Degree Appraisal?**

Standard performance reviews include an employee and their manager or supervisor. The 360-degree version also solicits input from the employee's colleagues or coworkers.

## **What Are the Benefits of Employee Training and Development?**

Employee training and development can help employees become better at their jobs and overcome performance gaps that are based on lack of knowledge or skills. This can help organizations and teams be more productive and obtain improved business outcomes, leading to a competitive advantage over other companies. Training can help organizations be more innovative and agile in responding to change and can help with necessary upskilling and reskilling to help organizations ensure that their labor force meets their current needs. Employee training and development also can help with succession planning by helping to identify high-performing employees and then assisting those employees with the development of the knowledge and skills they need to advance into more senior roles.

Employee training and development can be an effective tool for recruiting and retention, since many employees cite a lack of development opportunities at their current job as a primary reason for leaving. Employees who have access to training and development opportunities are more likely to stay at their organizations for a longer period of time and be more engaged while there; in fact, LinkedIn's 2018 Workplace Learning Report found that 93 percent of employees would stay at a company longer if it

invested in their careers. Their 2021 Workplace Learning Report additionally found that companies with high internal mobility retain employees for twice as long.

Finally, some forms of employee training, such as compliance training or safety training, can help organizations avoid lawsuits, workplace injuries, or other adverse outcomes.

### **What Types of Employee Training and Development Exist?**

There are many types of employee training and development. In high performing organizations, training and development initiatives are based on organizational needs, the target audience for the initiative, and the type of knowledge or skill that learners are expected to obtain. Some of the most common types of employee training and development include:

- Technical training is training based on a technical product or task. Technical training is often specifically tailored to a particular job task at a single organization. Skills training is training to help employees develop or practice skills that are necessary for their jobs.
- Soft skills training is a subset of skills training that focuses specifically on soft skills, as opposed to technical or “hard” skills. Soft skills include emotional intelligence, adaptability, creativity, influence, communication, and teamwork. Some trainers refer to soft skills as “power skills” or “professional life skills” to emphasize their importance.
- Compliance training is training on actions that are mandated by a law, agency, or policy outside the organization’s purview. Compliance training is often industry-specific but may include topics such as cybersecurity and sexual harassment.
- Safety training is training that focuses on improving organizational health and safety and reducing workplace injury. It can encompass employee safety, workplace safety, customer safety, and digital and information safety. Safety training can include both training that is required by law and training that organizations offer without legally being required to do so.

- **Management development** focuses on providing managers with the knowledge and skills that they need to be effective managers and developers of talent. Topics may include accountability, collaboration, communication, engagement, and listening and assessing.
- **Leadership development** is any activity that increases an individual's leadership ability or an organization's leadership capability, including activities such as learning events, mentoring, coaching, self-study, job rotation, and special assignments to develop the knowledge and skills required to lead.
- **Executive development** provides senior leaders and executives with the knowledge and skills that they need to improve in their roles. In contrast to leadership development, which focuses on helping non-executive employees develop the skills they need to obtain a leadership position, executive development is targeted at people already at a leadership level within their organization.
- **Customer service training** focuses on providing employees with the knowledge and skills to provide exceptional customer service. Customer service training should include content on essential employee behaviors, service strategies, and service systems.
- **Customer education training** is when employees—often at technology or SaaS companies—teach customers how to use a company's products and services. Customer education training differs from traditional employee learning and development because the intended audience is customers, not employees.
- **Workforce training focuses on upskilling workers** to help them obtain career success. Workforce training programs are often offered by federal, state, or local governments, or by nonprofit organizations. Workforce training may include job-specific content but also may include content on organizational culture, leadership skills, and professionalism. Workforce training is often accessed by people who are new to the workforce or who are trying to enter a new job type or industry.

- **Corporate training** focuses on helping workers already employed by an organization obtain new knowledge and skills. That company or organization offers training to their internal employees to help them become better at their current jobs, advance in their careers, or close organizational skill gaps.
- **Onboarding**, sometimes known as **new employee orientation**, is the process through which organizations equip new employees with the knowledge and skills they need to succeed at their jobs.
- **Sales enablement** is the **strategic and cross functional effort to increase the productivity of market-facing teams** by providing ongoing and relevant resources throughout the buyer journey to drive business impact. It encompasses sales training, coaching, content creation, process improvement, talent development, and compensation, among other areas.