

# CONSIDERATIONS UPON PERFORMANCE MANAGEMENT

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**Abstract:** *Performance management teaches us that being busy is not the same as producing results. Specialization, commitment and work themselves are not outcomes. A good and well trained staff is not enough when you want success. Good elements can form a good system only when we make connections between the right ones in order to obtain results. However, to get results is not always synonymous with success and being effective, what really matters is getting results that are useful for the organization and its customers and / or interested parties. Performance management is in fact the road from the situation of being very busy towards efficiency, is the orientation on achieving tasks and getting the results that matter.*

Keywords: performance, management, outcomes, success

Performance management teaches us that being busy is not the same as producing results. Training, commitment and hard work alone are not results. Having good and highly trained personnel is not enough when you want to become successful. Very good elements can make a good system only when they make the right connections and achieve results. But, achieving results is not always synonym with being successful and efficient; what really counts is achieving results which are useful for the organization and its clients and/or stakeholders, it is in fact the way from busyness toward effectiveness.

Processes such as planning, budgeting have been performed for many years in organizations but, many times they are done just to finalize a task and not to contribute directly to the envisaged results of the organization. Recently, due to all the changes from the environment the organizations are facing greater challenges than ever before, meaning the businesses must be much more careful about their strategies and their activity in order to remain competitive.

Typically when we think about performance in organization we think about the performance of the employees; however performance management should also be focused the organization as whole, departments, processes (budgeting, product development, financial management etc.) teams or group. Performance is built on multiple factors as culture, mission, work-flow, goals, environment, knowledge and skills all working together to produce something that is valuable to the consumer. There are three levels of performance: the organization, the process, the individual. Having a great plan of action is not enough if you do not have good people to carry it out. Even if the people are smart and talented this is not enough to accomplish the task if they do not work well together. In order to be performant we need the best mix of all the three levels, a breakdown at any level will impede achieving performance.

Armstrong and Baron define performance management as “a process which contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved”.

Performance management is not a separate process through which managers analyze employees’ activity, it is “a strategy which relates to every activity of the organization set in the context of its human resource policies, culture, style and communication systems. The nature of the strategy depends on the organizational context and can vary from organization to organization.”

Performance management has a strategic component, it encompasses broader issues and looks at longer-term goals and it should be an integrated activity linking various aspects of the business, people management, and individuals and teams. Performance management aims at performance improvement - throughout the organization, for individual, team and organizational effectiveness, development - unless there is continuous development of individuals and teams, performance will not improve; it also deals with behaviour management ensuring that individuals are encouraged to behave in a way that allows and fosters better working relationships.

Within the framework of performance management there will be established a culture in which individuals and groups are involved and take responsibility for the continuous improvement of business processes and of their own skills, behaviour and contributions. It helps understanding the expectations better, managers can clarify what they want individuals and teams to do; likewise individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It follows that performance management focuses on interrelationships and on improving the quality of

relationships among all the individuals from an organization - between managers and individuals, between managers and teams, between members of teams and so on, and that is why we can see it as a collective process. A very important phase of this process is planning, which is important not only for setting the strategy of the organization, the ways to reach the goals but also for defining expectations expressed as objectives and as business plans. Last but not least, performance management is about measurement; here we can speak about the old saying ‘If you can't measure it, you can't manage it’, as Peter Drucker said; setting performance indicators (measurable, quantifiable) should never be omitted. Measurements should apply to all employees, managers, and teams as much as individuals. It is a continuous process, not a one-off event. It is not enough to perform an evaluation/appraisal activity once a year, this is something that should be done periodically (e.g. monthly or every 3 months) then, wherever it is necessary or if/whenever it is necessary there should be taken corrective/improvement measures. Performance standards should be established, goals and relevant indicators of their achievement. In order to see how much has been accomplished we need to check against performance measurements which can tell the level of progress. Reporting of progress (documentation and reporting of progress in meeting standards and targets and sharing of such information through feedback) will then take place and improvement will be based on it. As we can see in figure 1 all these pieces form the big puzzle called performance management.

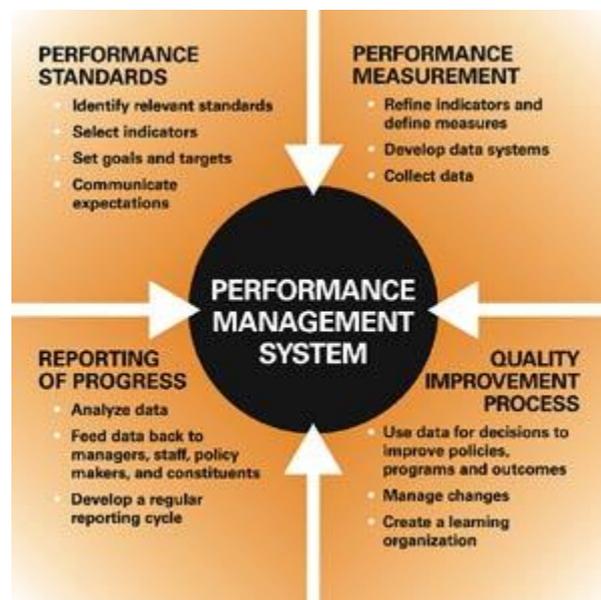


Fig. 1 Performance management factors

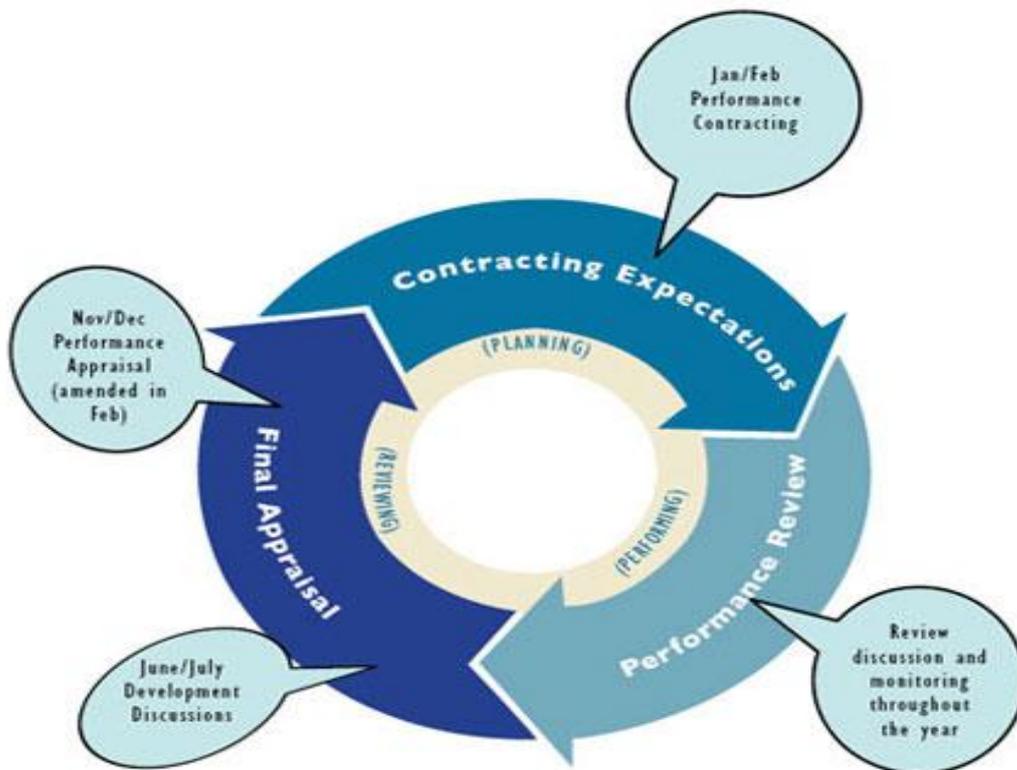
A Performance Management System is the continuous use of all the above practices so that they are integrated into the organization's core operations.

Last but not least, it is holistic approach and should pervade every aspect of running an organization from top management to the lowest level of execution.

Performance management is a system which sets specific objectives and measurements of achievements while identifying development opportunities.

Corporate strategic goals are the starting point for business and departmental goals, followed by agreement on performance and development, leading to the drawing up of plans between individuals and managers, with continuous monitoring and feedback supported by formal reviews. We should always start from our main objective which has to be broken down into smaller goals and targets which are the smaller pieces forming the big image/ mission of the organization. Objectives or goals describe something to be accomplished by individuals, departments and organizations over a period of time. They can be expressed as targets to be reached and tasks to be completed by specified dates. They can be work-related, referring to the results to be attained in order to accomplish the higher objective/mission, or personal, taking the form of developmental objectives for individuals which are also linked to the organization performance (well trained personnel will always be important when it comes to doing a better job). Objectives need to be defined and agreed. They will relate to the overall purpose of the job and define performance areas - all the aspects of the job that contribute to achieving its overall purpose. Targets then need to be set for each performance area and what is very important, the set objectives, goals and targets must be very clear and attainable, it is important for them to be set high but this also means high enough to be achievable. The easiest way is to keep in mind that the goals have to be S.M.A.R.T.: S-specific, M-measurable, A- attainable, R- realistic, and T- timely. Saying that: “we need to improve our work” or “we need to do better next year”, or something simpler “the site needs to be updated” will never help. “The site needs to be updated” is too general, vague. It should be said that “the site needs to be updated every Monday at 10” because it leaves no room for misinterpretation. Not knowing clearly what one has to do is the fastest and surest way of doing a bad job. And what is more important, the goals must be results-oriented, not task-oriented. The output should be valuable and useful for the organization otherwise it is just a waste of time and resources.

Many organizations without performance management systems operate “appraisals” in which an individual's manager regularly (usually annually) records performance, potential and development needs in a top-down process.



Performance management systems need to provide those involved, with the opportunity to reflect on past performance as a basis for making development and improvement plans, and the performance and development review meeting provides this chance. There is no standard interpretation of results or of what performance means. We can say that something is performant only by comparison with either a set of best practices or another organization; this means that we need a standard against which we measure performance.

Performance reviews can be seen not only as “measurement” sessions but also as learning events, in which individuals can be encouraged to think about how and in which ways they want to develop.

Alongside objectives are performance standards. They are used when it is not possible to set time-based targets, or when there is a continuing objective which does not change significantly from one review period to the next and is a standing feature of the job. These should be put in quantitative terms if possible, e.g., speed of response to requests or meeting defined standards of accuracy.

Measures should be transparent and applied fairly across the organization. Ideally there should be a mix of individual and team measures, and measures relevant to both the inputs and the outputs of performance.

e.g. Individual output measures:

- Achievement of objectives.
- Achievement against agreed standards of performance
- Behaviour, measuring the extent to which individuals exhibit behaviours associated with performance such as respect for others, trust etc.

Individual input measures:

- Competence.
- Skills and experience and the extent to which new skills are applied in the job.
- Potential to develop and/or acquire new skills and progress to next career level.
- Communication skills, etc.

Team measures:

- Individual contribution to the team through involvement in cross team projects.
- Support given to other individuals to achieve their objectives.
- Understanding and fulfilling of team role, etc.

So, what can be said as a conclusion is that performance management is more than the yearly appraisals or evaluation of performance. It is the system which sets clear and realistic goals and provides meaningful expectations and meaningful feedback. Performance management is the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals.

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