

Performance Management¹

Performance Management definition

Performance management is a tool that helps managers monitor and evaluate employees' work. The goal of performance management is to create an environment where people can perform to the best of their abilities and in alignment with the organization's overall goals. Performance management is widely used in both the private and public sectors.

How Performance Management Works?

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. It helps direct the funds allocated as a part of the company's performance budget. Generally speaking, performance management views individuals in the context of the broader workplace system. In theory, companies seek the absolute performance standard, even though that is considered to be unattainable.

Performance-management programs use traditional tools such as setting and measuring goals, objectives, and milestones. They also aim to define what effective individual performance looks like and develop processes to measure it. However, instead of using the traditional paradigm of year-end reviews, performance management turns every interaction with an employee into an occasion to learn.¹

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 can give staff members target revenue volumes that they must reach within a set time 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.

Common Steps in Performance Management

¹ <https://www.investopedia.com/terms/p/performance-management.asp>

Although off-the-shelf performance-management software packages exist, templates are generally customized for a specific organization's needs. Typically, effective performance-management programs include certain universal elements, such as:

- **Aligning employees' activities with the company's mission and goals.** Each employee should understand how their job contributes to the company's overall goals. Supervisors and employees together should define a job's duties.
- **Developing specific job-performance outcomes.** Through performance management, employees should understand: What goods or services does my job produce? What procedures does my job entail? What effect should my work have on the company? How should I interact with clients, colleagues, and supervisors?
- **Creating measurable performance-based expectations.** Employees should have the opportunity to give input into how success is measured. The expectations can include results, which are the goods and services an employee produces; actions, which are the processes an employee uses to make a product or perform a service; and behaviors, which are the demeanor and values an employee demonstrates at work.
- **Defining job-development plans.** Employees should have a say in what types of new things they learn and how they can use that knowledge to the company's benefit.
- **Meeting regularly.** Instead of waiting for an annual performance appraisal, managers and employees should engage actively year-round to evaluate progress.

Benefits of Performance Management

Advocates of performance management maintain that it not only helps organizations attain their goals but makes work more fulfilling for individual employees, with the bottom-line benefit of improved worker retention. For example, workers often feel blindsided by negative annual performance reviews. While performance management may also incorporate annual reviews, the ongoing feedback that managers provide throughout the year should result in fewer unpleasant surprises.

As the polling firm Gallup, which conducts worldwide surveys on workplace issues, puts it, effective performance management requires "managers to think of themselves as coaches, not bosses. And when managers have timely, performance-related conversations that reflect this principle, manager-employee interactions feel encouraging, engaging, and rewarding in ways that annual reviews do not."

The benefits can also extend outside the organization, with studies showing that performance management often produces greater customer satisfaction.

I. Reading comprehension:

General Comprehension

1. What is performance Management?
1. Is performance Management used just in public sectors?
2. Does performance Management care about how people perform?
3. What type of performance Management standards do companies seek for?
4. What is the aim of performance Management programs?
5. When does the workplace become less stressful?
6. Does performance management only help organizations achieve their goals?

Detailed Comprehension:

1. Is it good for companies to seek the absolute performance standard? Why?
2. What are the characteristics of an adequate environment for best (high) performance?
3. What are the requirements of an effective performance management?
4. What does the concept manager- employees interaction mean?
5. Why the relation manger employee is important?

II. Tasks

1. Write short paragraph about the Importance of performance?
2. Summarize the topic?