

## PERFORMANCE MANAGEMENT (VERSUS TRADITIONAL APPRAISAL SYSTEM) - A KEY TO SUCCESS IN ORGANIZATIONS TRANSFORMATION

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### **Abstract:**

Many writers and consultants are using the term "performance management" as a substitution for the traditional appraisal system. Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management is a whole work system that begins when a job is defined as needed and it ends when an employee leaves your organization. Within such a system, feedback to each staff member occurs regularly. Individual performance objectives are measurable and based on prioritized goals that support the accomplishment of the overall goals of the total organization. The vibrancy and performance of the organization is ensured because it focuses on developmental plans and opportunities for each staff member.

### **The Traditional Appraisal Process**

In the conventional performance appraisal or review process, the manager annually writes his opinions of the performance of a reporting staff member on a document supplied by the HR department. In some organizations, the staff member is asked to fill out a self-review to share with the supervisor. Most of the time, the appraisal reflects what the manager can remember; this is usually the most recent events. Almost always, the appraisal is based on opinions as real performance measurement takes time and follow-up to do well. The documents in use in many organizations also ask the supervisor to make judgments based on concepts and words such as "excellent performance," "exhibits enthusiasm," and "achievement oriented."

Often, the manager is uncomfortable in the judgment seat. He knows he may have to justify his opinions with specific examples when the staff member asks. He lacks skill in providing feedback and often provokes a defensive response from the employee, who may justifiably feel he is under attack. Consequently, managers avoid giving honest feedback which defeats the purpose of the review.

In turn, the staff member whose performance is under review often becomes defensive. Whenever his performance is rated as less than the best, or less than the level at which he personally perceives his contribution, the manager is viewed as punitive. Disagreement about contribution and performance ratings can create a conflict ridden situation that festers for months. Most managers avoid conflict that will undermine work place harmony. In today's team-oriented work environment, it is also difficult to ask people who work as colleagues, and sometimes even friends, to take on the role of judge and defendant.

Further compromising the situation, with salary increases frequently tied to the numerical rating or ranking, the manager knows he is limiting the staff member's increase if he rates his performance less than "outstanding." No wonder managers waffle, and in one organization with whom I worked, ninety-six percent of all employees were rated "one."

### The performance management system

A performance management system includes the following actions:

- Develop clear job descriptions - Job descriptions provide a framework so the applicants and new employees understand the expectations for the position. It is much prefer to see these expressed as outcomes.
- Select appropriate people with an appropriate selection process - People have different skills and interests. Jobs have different requirements. Selection is the process of matching the skills and interests of a person to the requirements of a job. Finding a good job "fit" is exceptionally important. Use a selection process that maximizes input from potential co-workers and the person to whom the position will report.
- Negotiate requirements and accomplishment-based performance standards, outcomes, and measures - Ferdinand F. Fournies, in his long-lasting book, *Why Employees Don't Do What They're Supposed to Do and What to Do About It*, clearly states the first reason why people sometimes fail to meet your expectations. He says employees don't know what they're supposed to do.
- Provide effective orientation, education, and training - Before a person can do the best job, he or she must have the information necessary to perform. This includes job-related, position-related, and company-related information; an excellent understanding of product and process use and requirements; and complete knowledge about customer needs and requirements.
- Provide on-going coaching and feedback - People need ongoing, consistent feedback that addresses both their strengths and the weaker areas of their performance. Effective feedback focuses more intensely on helping people build on their strengths. Feedback is a two-way process that encourages the employee to seek help. Feedback is usually more effective when requested. Create a work environment in which people feel comfortable asking, "How do you think I'm doing?"
- Conduct quarterly performance development discussions - If supervisors are giving employees frequent feedback and coaching, performance reviews can change from negative, evaluative, one-sided presentations to positive, planning meetings. Held quarterly, employees always know how they are performing and their next goals and challenges.
- Design effective compensation and recognition systems that reward people for their contributions - The power of an effective system is frequently overlooked and downplayed in some employee motivation-related literature. I think this is a mistake. It is often not so much about the money as it is about the message any reward or recognition sends to an individual about their value. Money has become a metaphor for value.
- Provide promotional/career development opportunities for staff - The supervisor plays a key role in helping staff develop their potential. Growth goals, changing and challenging job assignments and responsibilities, and cross-training contribute to the development of a more effective staff member. Help to create an environment in which people feel comfortable to experiment and make mistakes.
- Assist with exit interviews to understand WHY valued employees leave the organization - When a valued person leaves the company, it is necessary to understand

why the person is leaving. This feedback will help the company improve its work environment for people. An improved work environment for people results in the retention of valued staff.

An effective performance management system sets new employees up to succeed, so they can help your organization succeed. It provides enough guidance so people understand what is expected of them. It provides enough flexibility and wiggle room so that individual creativity and strengths are nurtured. It provides enough control so that people understand what the organization is trying to accomplish.

The following ten guidelines, examples, and ideas will assist you to develop a performance measurement and rating system which is motivational rather than confrontational.

- Take great care in establishing what it is that you want to measure. Jack Zigon, an expert in performance management and measurement, in *Performance Appraisal Lessons from Thirteen Years in the Trenches*, states that, “the hardest part of creating performance standards is deciding which accomplishments to measure.”

- Develop effective measurements that tell people how they are doing. To the degree these numbers measure what is actually important in the person’s work, they are effective in molding performance. Don’t pick the outcomes to measure just because they are easy to assign a numerical target. Some of the most important outcomes from any job, and especially as more jobs become information based, are not easily measurable.

- Establish straightforward, honest criteria that tell people exactly what they must do to achieve a particular score. Too often organizations fail to have criteria beyond the judgment of a manager. If they have criteria, they fail to share them with employees. Both of these make up a recipe for disaster. While organizations are unlikely to eliminate the judgment of the manager as part of the criteria mix anytime soon, the impact of her opinion should be minimized, where possible. The specialists sustain the fact that the best practice companies placed a significantly greater emphasis on the identification and assessment of competencies. These differ from goals in that they are formulated company-wide, usually by the executive group. They form an unchanging communication of what is most important for success in your organization.

- Communicate the established criteria to the people who need the information to perform effectively. If the information translates poorly to a number, communicate a picture of actions or outcomes expected that is vivid and understandable.

- Obtain employee input when establishing the criteria and the measurements. The above manager, in the university student center, helped to establish the ratings criteria based upon what she thought would improve the student experience of her center. She helped create the picture of what would constitute success for her function.

- Review the employee’s progress on the defined criteria, goals, and competencies regularly. Quarterly is minimally sufficient to discuss the staff member’s progress. Monthly is better. Annually is not often enough to impact the culture and performance.

- Avoid the “halo” effect. If an individual meets all established criteria for two months and then misses the target for the third month in a quarterly reporting period, take into consideration all three months.

- The employee needs to see and read his performance ratings, rankings, the judgment calls, and the previously established criteria that came together to form his ratings.

- The specialists also recommends having the employee collect their own performance feedback data as often as possible. This can save the time and energy of the manager and allows the employee, who is most familiar with his data, to present it. This

helps the employee take ownership of the data and reduces disagreement and suspicion over reported results.

Done well, performance criteria and ratings can contribute to a positive, powerfully motivating experience for organization members. Their presence in your performance management system can help you formulate the culture you need for success as an organization. Employees know what is expected of them, and they experience few surprises. People know what to work toward, and they know the rewards and recognition they will achieve with their success.

In a performance management system, feedback remains integral to successful practice. The feedback, however, is a discussion. Both the staff person and his manager have an equivalent opportunity to bring information to the dialogue. Feedback is often obtained from peers, direct reporting staff, and customers to enhance mutual understanding of an individual's contribution and developmental needs. (This is commonly known as 360 degree feedback.) The developmental plan establishes the organization's commitment to help each person continue to expand his knowledge and skills. This is the foundation upon which a continuously improving organization builds.

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