Improving the Effectiveness of Employee Performance Management Process: A Managerial Values Approach

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ABSTRACT

This study proposes a managerial values approach to improve the effectiveness of employee performance management processes. It suggests that traditional performance management practices have limitations, as they focus only on evaluating past performance rather than facilitating future performance improvements. Drawing on the literature and expert opinions, the study identifies three main key managerial elements: goal setting, performance review and performance improvement plans. These values can guide the design and implementation of employee performance management systems that foster employee engagement, motivation, and development. The study concludes that the adoption of a managerial values approach can lead to a more effective performance management process that aligns with organizational goals and enhances employee and organizational performance.

Key words: Management, Values Approach, Employee Performance, Effectiveness

1. INTRODUCTION

Performance Management (PM) is an ongoing process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization. The communication process includes clarifying expectations, setting objectives, identifying goals, providing feedback, and reviewing results. 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, we seek the absolute performance standard, though that is considered unattainable. [1]
By consistently monitoring and managing workplace performance, leaders can see potential future problems.

Like with any type of issue, early detection is key. The earlier problems are confronted the less effect that they will likely have. The earlier a problem is detected, the better. One of these problems could be that employees do not know how to perform certain processes correctly. If this continues, the organization might fall apart due to oversight. However, with performance management, this would probably be detected. The organization could then create training programs to change the issue into an opportunity for improvement. [2]

I will discuss this research, in order to clarify the role of performance management in the organization, to achieve the targeted results, and to improve the performance level of employees and managers, over time, and by following up the performance of employees, and applying the approved standards in this regard. And extract the results of good performance management, and formulate the recommendations that are reached at the end of this study [1].
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2. RESEARCH METHODOLOGY

In order to conduct this research, we relied on the descriptive approach, because it is the most appropriate scientific research method to describe the phenomenon of performance management in the organization. And collected information, from previous academic studies, and through their results, we analyzed this data. In order to clarify the vital role of performance management, in promoting the level of quality of work, within the organization, and achieving the planned goals.

Through the application of my findings, at the current stage, we can draw conclusions and recommendations, in order to demonstrate the role of performance management, in promoting the level of work within the organization, and directing all efforts towards achieving the organization's goals.

3. LITERATURE REVIEW

For most organizations, performance reviews are used to support decisions related to training and career development, compensation, transfers, promotions, and

reductions-in-force or employment termination. Generally, the performance review process includes setting clear and specific performance expectations for each employee and providing periodic informal and/or formal feedback about employee performance relative to those stated goals [3].

Recent trends, however, include a less formalized process focusing on more feedback and coaching, rather than a time-consuming paper trail. Employee performance management is a dynamic and strategic approach to sustain a high-performance culture within an organization. Its goal is to bring out the best in every employee and align it with the organization's long-term vision and mission. It's important to note that there are no fixed performance appraisal criteria. They can differ from one company to another based on their organizational guidelines and culture. However, certain attributes remain common and are followed by every firm. Some examples are behavioral traits, skill & competency level, efficiency, willingness to learn, etc. Furthermore, a company can set different sets of performance appraisal criteria for different hierarchical levels. For instance, the performance appraisal criteria for an SEO executive can be different from those for a digital marketing head. The management team also can have entirely different performance management criteria [3].

Factors that influence employee performance:

Several factors influence employee performance. A few common determinants are as follows [4](Smith, 2020. p. 24.):

- ► Level of employee satisfaction and engagement.
- ► Work culture.
- ► Rewards & Recognition.
- ► Opportunity to learn new skills.
- ► Knowledge of the company's objectives and expectations from the employee.
- ► Training and upskilling strategies.
- ► Degree of products' understanding by the employee.
- ► Work allocation based on the employee's skills.

Benefits of performance management for the employees [2]

Increased satisfaction at work: A consistent performance review process with timely achievement recognition helps employees motivated and committed to their work. When a company values the potential of human resources and cares about their well-being, it reduces their anxiety. A stress-free and conducive environment acts as a catalyst for the growth of their career and organization and enhances their satisfaction level.

Reduces conflict and enhances efficiency: An effective performance review process contributes to reducing conflicts between employees and management. One-on-one discussions about employees' performance, their roadblocks, and strong and weak areas iron out differences. It also builds trust in employees, which

inspires them to work with the right and positive attitude, increasing their efficiency.

Alignment with Organizational Goals: Conveying the company's goals is a vital aspect of a performance management strategy. Besides, by assigning key responsibility areas and key performance indicators to employees, they get a better idea of what to do. They can, thus, self-track and assess their performance and work better to fulfill KRAs, KPIs and align efforts with organizational goals.

Better opportunities for growth and promotion: Regular performance review meetings to discuss performance, progress, and responsibilities help break the ice. They also encourage employees to showcase their work, contributions and express their desire for promotion and growth opportunities. For management, it becomes easy to identify employees' strong areas and provide suitable opportunities to excel in those areas.

The performance management and other organizational systems:

The performance management process is often linked with other organizational systems such as [3]:

Strategic planning: Many long-term workforce planning models use performance management measurements to assess the "quality" of the workforce and whether the organization is attracting and retaining talented workers.

Total compensation: Most organizations use performance measurements as the basis for pay-for-performance compensation processes.

Individual and team development: An individual development plan (IDP, also known as a career development plan) is often used in conjunction with the performance review process as a final documented step to assist employees in goal setting and individual development that will serve to advance their career and promotional opportunities.

Succession planning: Performance data over time are vital inputs for long-term planning for future organizational leadership.

HR technology systems: Many organizations use software applications to manage the processes associated with goal setting, performance review and performance improvement plans.

Elements of Performance Management:

Effective performance management systems typically include the following three broad elements: goal setting, performance review and a performance improvement process. Employers may use a multitude of options in the execution of the performance management process, but an effective system will incorporate the three basic elements in some form.

Element one: goal setting:

Goal setting is a process of establishing objectives to be achieved over a period of time. It is the performance criteria an employee will be evaluated against. Performance goals for individual employees should

ideally align with organizational goals. Common types of goals include the following [4]:

► Job description goals: Goals may be based on the achievement of a pre-established set of job duties from the description. These goals are expected to be accomplished continuously until the job description changes: Examples might be financial, customer oriented, or process- or system-oriented goals.

► Project goals: Goals may be based on achievement of a project objective. These goals may be set for a single year and changed as projects are completed. Job description and project goals are "what" needs to be accomplished.

► Behavioral goals: Goals may be based on certain behaviors. These goals are expected to be accomplished continuously. Behavioral goals are "how" things need to be accomplished.

► Stretch goals. Goals that are especially challenging to reach are sometimes referred to as stretch goals. Stretch goals are usually used to expand the knowledge, skills and abilities of high-potential employees.

In addition to focusing only on a few major goals during a single year, the goals should be SMART:

o Specific, clear and understandable.
o Measurable, verifiable and results-oriented.
o Attainable, yet sufficiently challenging.
o Relevant to the mission of the department or organization.
o Time-bound with a schedule and specific milestones.

Effective goals should be participative: Both manager and individual should be involved in the development of goals to ensure understanding and commitment. Goals should be documented, available for review, managed on a continuous basis and acknowledged. Goals should be flexible enough to account for changing conditions.

Examples of effective goals include statements such as these (Mettler, 2019. p. 685):

► Increase revenue by 10 percent during the first quarter.

► Reduce office expenses by 25 percent as compared with the prior year's actual costs.

► Decrease employee absences from three days to one day per quarter.

Element two: performance review:

Performance review is the process of assessing an employee's progress toward goals. Strengths and weaknesses of all employees are recorded regularly so that the organization can make informed and accurate decisions regarding an employee's contribution, career development, training needs, promotional opportunities, pay increases and other topics. Performance review and evaluation involve the objective and subjective consideration of how to measure and evaluate employee performance results. Recommendations for an effective performance review process include [4]:

► A feedback process that is continuous and timely throughout the review period so that employees know how they are doing and what is expected.

► A dialogue that includes performance feedback measured against clear and specific goals and expectations established at the outset of the performance management cycle.

► A process for acknowledging the outcomes of the performance review process that is documented between the manager and the employee.

► A two-way individual conversation between the manager and the employee (preferably face-to-face) at least once a year.

Common Types of Performance Review Systems:

Regardless of the type or format of the selected method to review an employee's behavioral and work expectations, clear definitions of each level of performance must be provided. Raters should be provided with examples of behaviors, skills, measurements and other performance factors to assist them in evaluating an employee. Several types of performance review systems are in common use. Each system has its benefits and drawbacks (International Conference Business Informatics. p. 686):

► Ranking: Ranking systems list all employees in a designated group from highest to lowest in order of performance. The primary drawback is that quantifying the differences in individual performance is difficult and may involve drawing very narrow, if not meaningless, distinctions.

► Forced distribution: The ratings of employees in a particular group are disbursed along a bell curve, with the supervisor allocating a certain percentage of the ratings within the group to each performance level on the scale. The actual distribution of employee performance may not resemble a bell curve, so supervisors may be forced to include some employees at either end of the scale when they would otherwise place them somewhere in the middle.

► 360-degree feedback: This process collects information from the employee's supervisor, colleagues and subordinates about an individual's work-related behavior and its impact. Other names for this approach include multirotor feedback, multisource feedback or group review. This form of appraisal is widely favored for employee development purposes.

► Competency-based: This type of system focuses on performance as measured against specified competencies (as opposed to specific tasks or behaviors) that are identified for each position.

► Management by objectives: Management by objectives (MBO) is a process through which goals are set collaboratively for the organization, various departments and each individual member. Employees are evaluated annually based on how well they have achieved the results specified by the goals. MBO is particularly applicable to nonroutine jobs, such as those of managers, project leaders and individual contributors.

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▶ Graphic rating scales: Graphic rating scale (GRS) appraisals list several factors, including general behaviors and characteristics (e.g., attendance, dependability, quality of work, quantity of work and relationships with people) on which a supervisor rates an employee. The rating is usually based on a scale of three to five gradations (e.g., unsatisfactory, marginal, satisfactory, highly satisfactory and outstanding). This type of system allows the rater to determine the performance of an employee along a continuum. Because of its simplicity, GRS tends to be one of the most frequently used forms of performance appraisal.

▶ Behaviorally anchored rating scales: Behaviorally anchored rating scales (BARSs) attempt to assess employee behavior rather than specific characteristics. The appraisal tool generally contains a set of specific behaviors that represent gradations of performance and are used as common reference points, called "anchors," for rating employees on various job dimensions. Developing a BARS assessment tool is time-consuming and expensive because it is based on extensive job analysis and the collection of critical incidents for each specific job.

Common Performance Rating Errors:

Regardless of the review system used, a variety of common rater errors exist. HR should take the lead to train managers on recognizing and ameliorating their effect on the system. Common errors include [5]:

▶ Lack of differentiation: Because raters often lack the confidence to defend their ratings or are reluctant to pass judgment, they may rate everyone pretty much the same. This approach can take the form of leniency (everyone gets high ratings), severity (everyone gets low ratings) or a universal feeling that everyone is doing just fine (and everyone gets rated in the middle). A reluctance to differentiate can often be attributed to poor training or the failure of an organization to clarify that performance-based judgments are a critical part of the managerial role.

▶ Recency effect: When managers are not diligent in continuously measuring performance, providing feedback and documenting results, they often cannot remember the earlier part of the performance period. As a result, they weigh the most recent events too heavily.

▶ Halo/horns effect: The "halo" and "horns" effects occur when an employee is highly competent or incompetent in one area, respectively, and the supervisor rates the employee correspondingly high or low in all areas.

▶ Personal bias/favoritism: Some managers may allow their impressions of employees or their personal feelings about them to dominate the performance rating process.

Element three: performance improvement plans:

The use of a performance improvement plan (PIP) can range from employees who may be new to a role or who are unclear on performance expectations to employees who are regularly falling short of meeting performance expectations and whose performance may

necessitate the beginning of a progressive discipline process regarding the performance level.

The document used to guide the process is a critical tool as it helps facilitate performance discussions, records areas of concern and ways to correct them, and serves as legal and decision-making documentation. The format of the PIP will vary by employer and should include the following components [4]:

▶ Employee information.

▶ Relevant dates.

▶ Description of performance discrepancy/gap.

▶ Description of expected performance.

▶ Description of actual performance.

▶ Description of consequences.

▶ Plan of action.

▶ Signatures of the manager and the employee.

▶ Evaluation of plan of action and overall performance improvement plan.

A statement regarding expectations for sustained or consistent performance should be included to ensure that true performance improvement has been attained. This documentation may also prove helpful in protecting the employer should performance fail to meet expectations and should further disciplinary action need to be taken. If the PIP is part of a progressive discipline process that may eventually lead to termination of employment, language in the document should specify that termination is a possible consequence of failure to meet expectations and that it may occur with or without the employee's signature on the PIP. The employee should clearly understand the consequences of not meeting the goals outlined in the PIP [5].

Auditing and Evaluating the Performance Management Systems:

An organization's leaders may believe that their performance management system is functioning as it should. However, as with any system of business practices, employees' perceptions and experiences with it may be very different. Accordingly, HR must continuously evaluate the system to determine if it is effective and to identify opportunities for improving it. Perception is reality when it comes to employee and managerial acceptance of a performance management process [6].

A good way to determine whether the system is being used consistently and administered fairly is to conduct an independent audit of the way the appraisal system affects various groups of employees. Adverse impact on a protected class raises legal concerns, but adverse impact on any group should raise equity concerns. HR must take the responsibility for monitoring the system outcomes to make certain that all employees are being treated in a consistent and fair manner, and that the system is supporting organizational goals [7].

4. CONCLUSION

Work continues to evolve at dizzying speeds, and technology enables us to become more efficient than ever before. And yet, managing employees' performance and productivity has never been more challenging. We can implement processes for improving employee performance, though, and the best solutions are often simple ones. Better communication, clear expectations, and feedback go a long way towards improving work performance.

But really improving employee performance requires intentionality and commitment to supporting employees in their day-to-day performance. Before we can improve employee performance, we need to set clear goals to reach and develop metrics to measure the employee's progress toward those goals.

5. RESULTS

▶ Improving performance require developing employees' skills and competencies. But before we can set learning goals for each employee, we need to identify the human characteristics that drive success in the role.

▶ Identifying employees in the role who we classify as high-performing. Requires assess these employees to identify the skills, competencies, and traits they're bringing forward to improve performance.

▶ Once you've identified the skills and competencies needed by each employee to be their best in the role, we can set a baseline for performance and begin to fill gaps through learning and development programs.

▶ Once you've prioritized each role's tasks and duties by their strategic value, we can help employees in those roles focus their best efforts on the outputs that drive the greatest value.

▶ Without clear criteria, managers will be left guessing whether employees have performed adequately. This can introduce a bias toward favored employees.

▶ To support managers and produce fair performance evaluations, managers must assess performance based on the outcomes achieved. That's a process that HR should own.

▶ We need to drill down to the specific outcomes each employee in the role must consistently produce to be considered high-performing. With clear metrics based on outcomes in place, managers can easily see whether employees are meeting their performance goals.

Recommendations

▶ Connect company values with performance, a solid basis in company values can act as an anchor for employee decision-making and inspire better performance.

▶ Employees must understand how to live them in their daily tasks. For each role reporting to them, managers should connect specific company values with particular behaviors, actions, or decisions that the role entails.

▶ Helping train managers on how the company values should be enacted on their teams. When managers can learn to apply the values themselves, they can impart this skill to their teams to improve their employees' performance.

▶ Define objectives, clear objectives are key to improving employee performance. Employees can't progress toward their goals if they aren't confident about those goals.

▶ Helping employees define and clarify their performance objectives. Often, poor performance results from poorly defined goals or a misalignment between what the employee perceives as their priorities and what the manager wants them to focus on.

▶ Helping managers practice communicating goals and expectations by distilling an employee's tasks down to their priorities.

▶ Communicate effectively, strong communication is key to unlocking improved work performance. If employees can't get in touch with their managers or communicate openly with them, misunderstandings can create misalignment, resulting in employees focusing their energy on the wrong places.

▶ Managers should engage in regular check-ins and conversations with their reports to build relationships and trust with them. With that foundation in place, managers can address performance deficits with employees in a constructive way.

▶ Listening to employees requires humility, managers need to be aware that their role is to enable improved employee performance.

▶ Train managers to listen to employee concerns and suggestions for improvement before injecting their own perspective.

▶ Employee development is an ongoing necessity for improving performance at work, circumstances, tasks, and job descriptions change, and employees must be reskilled or upskilled to keep pace.

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