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AN CONCEPTUAL REVIEW ON MODERN PERFORMANCE MANAGEMENT SYSTEMS: A STRATEGIC HR PERSPECTIVE

Babu Balakrishna Panicker[**]

Prof Dr.C.Karthikeyan[*]

Abstract:

Managing employee performance with Performance Management System (PMS) is getting complex in an unprecedented mode for the leades as the levels on the evalution and point of evaluation keeps changing as like that of the business dynamics as well as the modus operandi of doing that business. The skill requirements alongwith the organisational work related behaviour is alos changing. The organisational structure, its reporting style and sustenance of working as well as business models too are gaining growth at much faster pace than expected, hence making it difficult form leaders to assess the performance in both potential performance and accomplished performance into evaluation pattern, and with skill level demands never being met. The alingment of objectives facilitates smooth development of strategic and operational goals. The correlation between using performance management programs or software and improved business and organizational differes from positive to negative, suggesting that differences in the characteristics of performance management system (PMS). Contexts in which PMS implemented play an important role to the success or failure of performance management. For employee performance management, using integrated software, rather than a spreadsheet based recording system, may deliver a significant return on investment through a range of direct and indirect sales benefits, operational efficiency benefits and by unlocking the latent potential in every employees work day (i.e. the time they spend not actually doing their job).

Key Words: Performance; Strategic; Management System; Feedback; Positive Feedback; Appraisal System; Dual Appraisal; Optimism

[**] Research Scholor, Bharathiar University, Coimbatore

[*] Director-ASB, Adithya Institute of Technology, Coimbatore, Affiliated to Anna University Chennai

Objectives:

(i) To learn and understand the recent developments in PMS

(ii) To evaluate the advancements in Tools of PMS

(iii) To examine the application of Digital PMS applications

(iv) To verify the advantages and disadvantages of modern PMS

Scope of the Study: The study will augment the knowledge of PMS and its impact on employees and supervisors in the present era, and whether the PMS is getting modified or outdated.

Reveiew of Related Literature:

Appelbaum et al., (2003) states performance is a function of employees' Ability, Motivation and Opportunity to participate to contribute discretionary effort and it could be achieved by giving them autonomy in decision making, by providing in good communication and by employee membership in self-directed and/or off-line teams. For their effort to be effective, employees need to have the appropriate skills and knowledge (A). Hence, organizations can achieve this by attracting employees who already poses this knowledge, or by providing employees with formal and/or informal training. Finally, the organization needs to motivate these employees to put their abilities into the best effort for the organization (M).

Otley (1999), a general performance management considers What are the key objectives that are central to the organization's overall future success, and how does it go about evaluating its achievement for each of these objectives? What strategies and plans has the organization adopted and what are the processes and activities that it has decided will be required for it to successfully implement these? How does it assess and measure the performance of these activities? What level of performance does the organization need to achieve in each of the areas defined in the above two questions) and how does it go about setting appropriate performance targets for them? What rewards will managers (and other employees) gain by achieving these performance targets (or, conversely, what penalties will they suffer by failing to achieve them)? What are the information flows (feedback and feed-forward loops) that are necessary to enable the organization to learn from its experience) and to adapt its current behavior in the light of that experience?"(Otley, 1999:365,366)

Fletcher (2001), states that "an approach to creating a shared vision of the purpose and aims of the organization, helping each individual employee understand and recognize their part in contributing to them, and in so doing manage and enhance the performance of both the individual and the organization". It possess three phases: (a) setting expectations for employee performance, (b) maintaining a dialogue between supervisor and employee to keep performance on track, and (c) measuring actual performance relative to performance expectations.

Armstrong (2004) defined performance management as a means of getting better results from the performance of planned goals, standards and competence requirements. All human beings possess potential within themselves in a few or more functional areas. However, utilization and conversion of 8 this potential into deliverable performances is often sub optimal due to a variety of reasons. Performance management acts as an agent in converting the potential into performance by removing the intermediate barriers as well as motivating the human resource". (Kandula, 2006:5).

Bacal (1999) defines performance management as an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about: the essential job functions of employee are expected to do; how the employee's job contributes to the goals of the organization; what doing the work well means in concrete terms; how employee and supervisor will work together to sustain, improve, or build on existing employee performance; how performance management will be measured, and identifying barriers to performance and removing them.

Rudman (2003), stressed that the performance management system must fit with the organization's culture. Performance management system is a kind of completed and integrated cycle for performance management. The emphasis of performance management systems is on continuously improving organizational performance, and this is achieved through improved individual employee performance (Macky & Johnson, 2000).

Lawler (2003), states that helping individuals develop their skills, building a performance culture, determining who should be promoted, eliminating individuals who are poor performers, and helping implement business strategies. The main purpose of the performance management system is to ensure that: 1. The work performed by employees accomplishes the work of the company; 2. Employees have a clear understanding of the quality and quantity of work expected from them; 3. Employees receive ongoing information about how effectively they are performing relative to expectations; 4. Awards and salary increases based on employee performance are distributed accordingly; 5. Opportunities for employee development are identified; and 6. Employee performance that does not meet expectations is addressed Developing a performance management system is essential for an organization. Developing a performance management system,

Schneier, Beatty and Baird (1987), found organization communicates its mission/strategies to its employees; the setting of individual performance targets to meet the employees' individual team and ultimately the organization's mission/strategies; the regular appraisal of these individuals against the agreed set targets; use of the results for identification of development and/or for administrative decisions; and the continual review of the performance management system to ensure it continues to contribute to the organizational performance, ideally through consultation with employees.

Fletcher (1996) suggested that the main building blocks of a performance management system approach include: development of the organization's mission and objectives; enhancing communication within the organization so that employees are not only aware of the objectives and the business plan, but can contribute to their formulation; clarifying individual responsibilities and accountabilities; defining and measuring individual performance; implementing appropriate reward strategies, and developing staff to improve performance, and their career progression further in the future.

Armstrong and Baron (2004), found goals describe something to be accomplished by individuals, departments and organizations over a period of time. They can be expressed as targets to be met, for instance, sales, and tasks to be completed before the deadline.

Armstrong and Baron (2004) found that objectives need to be defined and agreed on. The objectives 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 are set for each performance area.

Rogers and Hunter (1991) states that planning phase includes the agreement on a formal development plan for the employees. Actually this plan should be based on requisite skills, behaviors and knowledge and key competencies that will be required to achieve the objectives and targets set. The development plan can also include long-term development initiatives which are usually based on potential and good performance (Nyembezi, 2009).

Schneier et al. (1987), every employee is responsible for managing his or her own work performance. This involves: (1) maintaining a positive approach to work, (2) updating and revising initial objectives, performance standards and job competency areas as conditions change, (3) requesting feedback from a supervisor, (4) providing feedback to supervisor, (5) suggesting career development experiences, and (6) employees and supervisors working together, managing the performance management process. According to the view of Fletcher, in the second stage, enhancing communication within an organization is important for employees to be aware of objectives and contribute to the future development.

Amrstrong and Baron (2004) pointed that at its best, performance management is a tool to ensure that managers manage effectively. Therefore, performance management system should ensure the manager of employees or teams know and understand what is expected of them, and have the skills and ability to deliver on these expectations and be supported by the organization to develop the capacity to meet these expectation are given feedback on their performance; and have the opportunity to discuss and contribute to individual and team aims and objectives.

Armstrong and Baron (2004), performance management system is also about ensuring that managers themselves are aware of the impact of their own behavior on the people they manage, and are encouraged to identify and exhibit positive behaviors. The actual performance is compared to the desired performance, so the outcome is evaluated and a development plan is set according to the weakness with reference the strategy. This outcome also provides a feedback mechanism to employees. In order to improve the feedback and update and discuss initial objectives, the organization should also focus on communication within employees and between employees and managers. It is important for managers to develop a fully integrated strategy which enables the different forms of communication to contribute to the success of the firm's mission or common goal (Marion, 1998). Moreover, continuous communication or exchanging information between an organization's strategic managers and its internal stakeholders should be designed to promote commitment to the organization and aware of its changing environment and understanding of its evolving aims (Welch&Jackson, 2007). In the second phase, it includes the performance reviews which can be regarded as learning events. Individuals could be encouraged to think about how and in which ways they want to develop.

Ashford and Cummings (1983) demonstrates that feedback has strong positive effects on the performance of both individuals and groups, specifically through role clarification, improved self-efficacy, the establishment of behavior reward contingencies and increased self-regulatory control processes (Ashford & Cummings, 1983). Similarly, according to

Armstrong and 13 Baron (2004), the actual performance could also be compared to the desired performance, therefore the outcome is evaluated and a development plan is set based on the weakness. This comparative approach also provides a feedback mechanism to employees.

Huselid (1995), employees within firms contribute for organizational performance and HRM practices can affect individual employee performance through their influence over employees' skills and motivation and through organizational structures that allow employees to improve how their jobs are performed. Also, he used labor turnover, productivity as employee performance measurement when he test the influence of HRM practices on employee performance. Labor turnover is the rate at which an employer gains and losses employees.

Arnold and Feldman (1982) concluded that perceptions of job security, the presence of a union, compensation level, job satisfaction, organizational tenure, demographic variables such as age, gender, education, and number of dependents, organizational commitment, whether a job meets an individual's expectations, and the expressed intention to search for another job were all predictive of employee's leaving, and

Sheridan (1992) also concluded that perceptions of organizational culture influenced turnover. Job dissatisfaction could cause employees to leave once they have reached decisions on the desirability of movement and the perceived ease of movement (March and Simon, 18 1958). Prior to leaving the organization, individuals experiencing job dissatisfaction explore job alternatives and evaluate these in terms of their expected utility (Mobley, 1977). The traditional approach therefore views voluntary separation as a consequence of low job satisfaction combined with alternative labor market opportunities that are subjectively perceived as having higher utility and relative ease of movement to alternative employment (Price, 1977). In order to avoid job dissatisfaction, employees need adequate remuneration, job security and comfortable working conditions (Jonathan, 2004).

Bhatti (2007) and Qureshi's (2007) perspectives, productivity is a performance measure encompassing both efficiency and effectiveness. Labor productivity means the output of workers per unit of time which is a commonly used and straightforward measure of productivity. The growth rate of labor productivity is approximately equal to the difference between the growth rate of output and the growth rate of the number of hours worked in the economy (Christopher Gust& Jaime Marquez, 2004).

Introduction: Performance Management System (**PMS**) ivolves measuring the activities that were predefined and that are consistently being met in an effective and efficient manner. Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product or service, as well as many other areas. PM is also known as a process by which organizations align their resources, systems and employees to strategic objectives and priorities. Statistics show that annual performance reviews alone will not successfully change an underperforming employee's productivity or attitude. Performance management also includes mentoring and coaching, continuous feedback, motivation techniques, ongoing communication and performance improvement plans. Recent reseach carried out across the world sends out quite a enigmatic opinions from the employees on the PMS. They are (the end result in brief), **98 percent*** of employees find annual performance reviews unnecessary, **58 percent*** of managers admit annual performance reviews are not an effective use of their time, **45 percent*** of HR leaders do not think annual performance reviews are an accurate appraisal for employee's work, **42 percent*** of managers don't think employees are rewarded fairly for their job performance. **30 percent*** of performance reviews end up in decreased employee performance. There is a **15 percent*** lower turnover rate for companies who provide their employees with regular feedback. Only **14 percent*** of organizations are happy with their performance management system. Only **13 percent*** of employees worldwide are psychologically committed to their jobs. Only **8 percent*** of companies think their performance management process provides value. **1** out of **5** employees think their bosses don't even think about the appraisal until they are in the room.(*References gallup.com/poll/165269/worldwide-employees-engaged-work.aspx,gallup.com/services/182138/state-american-manager.aspx,knowledge.wharton.upenn.edu/article/should-performance-reviews-be-fired/,psychologytoday.com/blog/wired-success/201402/why-performance-appraisals-dont-improve-performance).

Apart from the above on the area of feedback none of them want to hear it (at least when it's bad). Though it improve the employee to do the job better a PwC(Pricewater Cooper Research) indicates that, approximately **60 percent** of likes to have a feedback on a daily or weekly basis, a number that increased to **72 percent** for employees under age **30**. More than **75 percent** of respondents believe that feedback is valuable. About **45 percent** of respondents also value feedback from their peers and clients or customers, yet less than **30 percent** said they receive it. Apart from the report there are a lot of reasons employees might not be receiving the feedback they desperately need. Maybe we're coddling the next generation of workers, perhaps it's fear of confrontation, but nevertheless the feedback is useful, and is actively and loudly desired and feedback has incredible impact on the workplace. In fact, the best companies have a feedback loop installed, and is pointed at the process of how at each levels the performance management system is impacting on the profitability.

Objective (i) : **To learn and understand the recent developments in PMS**

Contribution of Performance Management System in the Area of Profitabilty: Managers who received feedback on their strengths showed 8.9% greater profitability. According to the folks over at Gallup, people who know and use their strengths -- and the companies they work for -- tend to be better performers. In one study of 65,672 employees, Gallup found those who received strengths feedback had turnover rates that were 14.9% lower than for employees who received no feedback (controlling for job type and tenure).A study of 530 work units with productivity data found that teams with managers who received strengths feedback showed 12.5% greater productivity post-intervention than teams with managers who received no feedback.And in a study of 469 business units ranging from retail stores to large manufacturing facilities, Gallup found that units with managers who received strengths feedback showed 8.9% greater profitability post-intervention relative to units in which the manager received no feedback. 69% of employees say they would work harder if they felt their efforts were better recognized.HR Pundits (myself included) have long banged on about the importance of recognition, but this is a stat that really underscores the point. And it makes sense, doesn't it?While traditional managers might joke that "their paycheck is their recognition" in reality, that doesn't work for everyone. In fact, Zenger and Folkman asserted that not only is positive feedback important, so is negative feedback. You know it's true. feedback is valuable even when critical, especially when it's delivered properly. Which brings me to my next statistic...3. 92% of respondents agreed with the assertion, Negative (redirecting) feedback, if delivered appropriately, is effective at improving performance**.** From Zenger and Folkman's survey again, performance feedback is crucial to...wait for it...performance! In fact, only 8 people out of a hundred disagreed.And if you're one of those managers or even employees that really dislikes confrontation, well the news just gets worse. Turns out those who can't dish it out, also can't take it. It's the confrontation itself that stresses them out.That really makes a great case for companies to start a culture of feedback, early and often. Train your employees on how to give and receive feedback. Your entire bottom line will thank you. Keep in mind though, negative and constructive feedback are not the same thing. There are essentially **three types of feedback**:**Positive reinforcement where you recognize good work.Constructive feedback where you suggest improvement.Negative feedback where you highlight behavior that cannot continue.**According to research reports **80 percent** of **Gen Y** said they prefer on-the-spot recognition over formal reviews and asserts that it is very important how they feel about the growth and understanding of a job and reduce the stress around annual (and some say ineffective) formal reviews. More than **77percent** of HR executives a consistent communication loop between employees, and also believe that a culture of feedback can go up, down, sideways and interdepartmental, creating confrontation opportunities throughout the organization.

How PMS can help in implementation of feedback in the company: **First**: The opportunity of confrontation opportunities through regular positive feedback with a weekly meeting or via the company intranet, or even an email prompt on weekends may turn the good work better. The feed back on the work done can start with compliment around something more personal, like their hard work on the project, dedication, sticking to the deadline, and including the negative feedback shall be delivered properly. This exercise of confrontation will deliver negative or critical feedback more easily as well as build a profound feedback culture. **Second** : Setting up a digital platform designed for "short-wave communication". Technology has made feedback easier to give (and get), The modern organisations performance management experts call this microfeedback or quick reviews a tech enabled feedback loop. Originally pioneered by the UX community, HR practitioners and vendors have taken the microfeedback concept to heart and created tools and platforms to scale for the employer/employee relationship. **Third**: Accepting the feedback gracefully: Feedback culture starts with those at the top and it can't always flow one way. A open meeting once a quarter, allows employees to respond to the feedback honestly.Fourth: Employee recognition that value employee engagement and retention even deeper into the issue, showing appreciation for employees actually drive financial returns through the roof. Better productivity, customer service, and product development are just some of the outcomes of employees. **Reference; Bersin & Associates**

Contribution Of PMS in retention of employees in an organisation:

Effective PMS can make employee stick around for 20, 10, or even 5 years if it focus on an employee's contributions and efforts and letting them know it on the spot. It is possible only when the employees are recognised appropriately.**Impact of Performance Management System on recognition: More than** 70 percent of employees feel that **those hungry to make it in the top rankings may even resort to sabotaging coworkers in order to receive those**

extra brownie points.So if you're looking into tying recognition to points, make it a personal objective. Let employees accumulate points and treat themselves to a free lunch or something along those lines. On the other hand 69 percent of employees would work harder if they felt their efforts were better appreciated. **People want to get recognized for their contributions. They want their work to have meaning. And when you are slacking on recognition, it's essentially the same as ignoring their existence.** Only 14 percent of organizations provide managers with the necessary tools for rewards and recognition. **44 percent of employees give peer-to-peer recognition when they have an easy tool to do so. However, only 14 percent of companies are supplying these tools. Organizations aren't providing the right tools for leaders to motivate their employees. And on the other hand, employees want to dish out recognition. That way, both managers and employees can recognize each other.** 41 percent of companies that use peer-to-peer recognition have seen positive increases in customer satisfaction. When **employee hates their job, it really gets reflected in the work an employee feels about their job can reflect in how they treat, speak to, or interact with customers. So it's no surprise that when organizations leveraged peer-to-peer recognition, there was an increase in customer satisfaction. Employees started feeling more valued and were more willing to go the extra mile.** A full 14 percent of organization programs regularly when recruiting **People want to work at an organization that values them and that they feel appreciated, understanding about their human nature, most importantly the need to feel validated for the hard work.** Companies with recognition programs that are highly effective at improving employee engagement have 31 percent lower voluntary turnover. 50 percent of employees believe being thanked by managers not only improved their relationship but also built trust with their higher-ups. **Manager-employee relationships need to be built on trust. Recognition doesn't have to come in the form of verbal confirmation but can give free rein over a project, that's showing recognition. Recognition impacts various aspects of the workplace, from customer service to relationships. Organizations need to stop brushing it aside and think about the bottom-line and good happenings around the company, and as well leverage on peer-to-peer recognition.**

Objective : (ii) To evaluate the advancements in Tools of PMS

The innovation in PMS Application across the world: The performance process is appropriately named the **self-propelled performance process (SPPP).** First, a commitment analysis must be done where a job mission statement is drawn up for each job. The job mission statement is a job definition in terms of purpose, customers, product and scope. The aim with this analysis is to determine the continuous key objectives and performance standards for each job position. Following the commitment analysis is the work analysis of a particular job in terms of the reporting structure and job description. If a job description is not available, then a systems analysis can be done to draw up a job description. The aim with this analysis is to determine the continuous critical objectives and performance standards for each job. Werner Erhard, Michael C. Jensen, and their colleagues have developed a new approach to improving performance in organizations. Their model stresses how the constraints imposed by one's own worldview can impede cognitive abilities that would otherwise be available. Their work delves into the source of performance, which is not accessible by mere linear cause-and-effect analysis. They assert that the level of performance that people achieve correlates with how work situations occur to them and that language (including what is said and unsaid in conversations) plays a major role in how situations occur to the performer. They assert that substantial gains in performance are more likely to be achieved by management understanding how employees perceive the world and then encouraging and implementing changes that make sense to employees' worldview. **Benefits:** Benefits may include: **Direct financial gain like; g**rowth of sales, reduce costs in the organization with automated operations and well planned action plans, it helps to stop project overruns by effective timely intervention alerts, aligns the organization directly behind the CEO's goals, decreases the time it takes to create strategic or operational changes by communicating the changes through a new set of goals. It also develops m**otivated workforce like; o**ptimizes incentive plans to specific goals for over achievement, not just business as usual, improves employee engagement because everyone understands how they are directly contributing to the organizations high level goals, create transparency in achievement of goals, high confidence in bonus payment process, professional development programs are better aligned directly to achieving business level goals.

The status of Performance Reviews in the Present Era of Globalisation: Performance reviews have earned a bad reputation. In fact, according to a 2013 study published in the Journal of Personnel Psychology, many people respond negatively to critical feedback they receive in a performance review. Further, according to the 2013 Employee Recognition Programs survey, by the Society for Human Resource Management, only half of HR professionals say annual performance reviews are an accurate appraisal of an employee's performance. In addition, 49 percent of human resources professionals believe their performance-review process needs to be re-evaluated. For employers looking to improve the performance review process, HR technology can make a huge difference. The following are five performance-management web apps that I have used in the past:

Need for Proactive meaningful PMS, than a year end review; The intervening midyear appraisal is better than a year end formality is the norm developing, According to the Society for Human Resource Management, 90 percent of HR professionals believe that a combination of feedback from an employee's manager as well as others in an organization creates a more accurate picture of employee performance. Organisation around the world are now, helps employers manage real-time performance, schedule one-on-one meetings, provide continuous learning to employees and improve workplace communication. The modus operandi are as follows;

- **Performance reviews** can monitor their employees' goals, accomplishments and challenges in a single place, and is done as and when employees complete tasks, the compeleted work is emailed, and the managers raise weekly status reports to help them gauge their employees' performance in real time.
- Smartening e**mployees'** w**ork** s**tyles** and Coaxing **Productivity** by t**urning negative feedback into constructive ideas.** According to the study published in the Journal of Personnel Psychology, people who are concerned with how others view their performance reported being unhappy upon receiving critical feedback. The study also showed people who care the most about learning don't take negative feedback well from others. HR technology helps employers find ways to turn their negative feedback into constructive feedback. This allows employers to coach their employees and give them the feedback they need to succeed. PerformYard, for example, lets employers document and announce performance results and note positive

interactions that take place during employee reviews. This tool is also very useful for improving communication in the workplace and recognizing employees who exceed expectations.

- **Building open communication** to improve performance reviews, transparent communication should take place between the employer and employee. By using HR software, employers can easily communicate their goals with employees and make expectations for employees more visible. This helps employees learn how their performance goals fit into the objectives of the organization. For example, Trakstar enables transparent communication in the workplace by helping managers keep employees informed by sending email reminders about goals and reviews.
- Improve real-time feedback extremely important because it ensures employees receive feedback when they need it and can make changes accordingly. But, according to the Society for Human Resource Management, only 2 percent of employers perform ongoing performance reviews. For employees to reach their highest potential, they need to receive timely feedback. HR tools such as ReviewSnap can help ensure employee reviews are completed at the proper intervals and help foster worker engagement.

Effective Implementation of Innovative PMS system: Implementing FCAT-M Performance. The Federal Competency Assessment Tool - Management (FCAT- M) assesses whether, and to what degree, supervisors have specific competencies. One of these competencies is Understanding Performance Management Process and Practices. A supervisor equipped with this competency will be able to better focus employee efforts on achieving organizational and individual goals.

Planning. The supervisor should meet with employees to create their performance plans, this planning stage that the supervisor has an opportunity to explain to employees how their performance directly impacts how the agency and work unit will achieve their goals.

Monitoring. Monitoring gives the supervisor an opportunity to make a course correction or adjust a timeline if it is needed so that employees will produce the desired outcome of successfully achieving the agency's or work unit's goals.

Developing. The supervisor should be able to determine from continuous monitoring whether employees need additional development to achieve their assigned responsibilities. It is important to remember that employee development includes not only remediation but enhancing good performance as well.

Rating. The supervisor will use the knowledge gained from monitoring the employee's performance during the appraisal period to compare that performance against the employee's elements and standards and assign a rating of record.

Rewarding. The supervisor must make meaningful distinctions when granting awards. Award amounts should be clearly distinguishable between different performance levels that are fully successful or above.

Objective (iii) To examine the application of Digital PMS applications

Implementing FCAT-M Performance Management Competencies: Performance Coaching and Feedback: The Federal Competency Assessment Tool - Management (FCAT- M) assesses whether, and to what degree, supervisors have specific competencies. One of these competencies is Performance Coaching and Feedback, which helps managers and executives support a high-performance culture. There are many types of coaching elements that provide a framework of the coaching process. The following are examples of elements from the Idaho Division of Human Resources that are essential when it comes to performance coaching:

- **Building Trust** - Trust is key to coaching. The supervisor and employee relationship must have some level of trust for coaching to work. A mutual interest in the success of the other is critical. Trust can begin to develop through open, honest feedback and respect.
- **Defining the Issues** - The supervisor/manager should seek information from the employee to better understand the issue or performance in question. The emphasis is not on proving who is right or wrong, but on gathering information in a non-judgmental manner.
- **Coaching for Success** - Taking employees from compliance to commitment can be difficult. Finding or creating that factor means sometimes helping the employee get in touch with what matters to him/her - what are his/her internal goals. Sometimes this is best achieved through the use of open-ended questions leading to the employee's self discovery.

- **Creating a Plan of Action** - For the purpose of buy-in and commitment, the supervisor and the employee should jointly create an action plan. The plan should include performance goals that are simple, measurable and attainable.
- **Employee feedback** provides managers with clues regarding how they are hindering or aiding their subordinates' work performance.
- **Supervisory feedback** should inform, enlighten, and suggest improvements to employees regarding their performance. Supervisors should describe specific results they have observed as close to the event as possible so ideas stay fresh and any needed adjustments can be made in a timely manner. Successful supervisors develop a routine that includes frequent, in-depth discussions about performance with employees. The routine should remain informal and the discussions should focus on how both the employee and supervisor view the employee's performance and development.
- **Share** - When managers share enough accurate information with employees about the quality and quantity of their work, employees are more likely to fully understand what is needed to continue good performance, correct poor performance or improve mediocre performance.
- **Seek** - Supervisors who actively solicit feedback from their subordinates discover obstacles to their success and are able to remove them in a timely fashion.
- **Continue** - Periodic feedback sessions give the manager and employee multiple opportunities to calibrate and recalibrate their joint efforts. Continuous feedback is required for increased productivity and successful partnerships.

Implementing FCAT-M Performance Management Competencies: In addition, when developing performance plans supervisors should ask themselves the following questions found in OPM's Handbook for Measuring Employee Performance: Are the standards fair? Are they comparable to expectations for other employees in similar positions? Do they allow for some margin of error? Are the standards attainable? Are expectations reasonable? Can a person accomplish the goals and expectations in the time allowed? Are the standards challenging? Does the employee need to exert a reasonable amount of effort to reach the Fully Successful performance level? If the agency allows elements to be appraised at levels above the Fully Successful level, can the Fully Successful standard be surpassed? Are the standards quantifiable, observable, and/or verifiable? Are the standards applicable? Can the data collected through the measurement process be managed?

Rate Employees on Demonstrated Results: Clear performance plans with measurable results enable supervisors to observe and track performance and make final judgments that are credible and defensible. Supervisors should be able to identify employees who are poor performers as well as those who stand above the norm.

The importance of Implementing PMS competencies.

Implementing FCAT-M Performance Management Competencies: Building Performance Culture: Competency... "An underlying characteristic of an employee (i.e., a trait, skill, ability, or a body of knowledge) which results in effective and/or superior performance" (Boyatzis, 1982). The Federal Competency Assessment Tool - Management (FCAT- M) assesses whether, and to what degree, supervisors have specific competencies. One of these competencies is Building Performance Culture. As part of our Federal civilian workforce, managers are held accountable for accomplishing work-unit goals and objectives and effectively contributing to the agency's mission. Today's Federal manager must possess the skills and competencies necessary to create a work environment that fosters and rewards teamwork, promotes diversity, encourages employees to share knowledge and resources, and promotes results-focused accomplishments. In a performance-focused organization, the manager also deals effectively with poor performers and rewards high-performing employees. For a manager to facilitate such a work environment and workforce, he/she must possess these highly specialized skills and abilities -

- **Team Builder and Coach** - A cohesive team produces more. An effective manager understands the importance of building a strong, effective and productive team. To accomplish this, a manager should treat all employees equally and fairly, be an articulate communicator and actively listen and encourage employees to share their concerns and suggestions for improving processes and procedures. Whenever possible, utilize those suggestions to improve productivity. A manager should take steps to correct and handle poor-performers, as well as timely recognize and reward employees who perform well and are constructive contributors. An effective manager is a team builder who coaches, counsels, and develops employees to improve their capacity to perform and assume greater responsibilities. A manager actively plans for the future of the team, identifies its staffing needs and actively participates in succession planning. Finally, a manager recognizes the importance of diversity in a highly productive team. Employees with diverse backgrounds, cultures, experiences, talents, and education can help make a team more cohesive and productive. A manager who is an effective team builder and coach can successfully cultivate his employees into a highly productive team in order to reach achievable goals and objectives.

- **Communicator and Negotiator** - It is the manager's responsibility to effectively communicate to employees how their work directly impacts the agency's mission. This means setting work unit goals and objectives and explaining how they link to the agency's strategic plan. The manager should also communicate to his employees whether or not they are meeting those goals and objectives and provide his employees with continuous feedback on how well they are performing. To be effective, the manager must respond quickly to slippage in employee performance and explain what is expected in order for the employee to meet the fully successful level of performance. A good manager must mentor, coach, and supervise employees in such a way as to aid them in their efforts to get their performance back on track. As a negotiator, the manager must be able to work cooperatively with other work units, organizations, customers, stakeholders, and agencies to accomplish agency goals and objectives and to be flexible enough to effectively handle and resolve any problems that may arise.
- **Goal Setter and Results-Focused** - Today's manager is held accountable for the outcomes and results of the work unit. To this end, the manager should set achievable goals within reasonable deadlines. The manager should review the agency or work unit's annual work plan and understand how the efforts and products of the work unit fit in with agency goals and objectives. Managers who are skilled goal setters plan out what steps are necessary in order to achieve specific goals. This work plan becomes a blueprint of how the goals will be achieved, which employees are involved, what the deadlines are, and what financial or material resources are necessary. They break the goals up into achievable milestones, and inform their employees when they have achieved or surpassed each milestone. Additionally, managers write their employee's individual performance plans so they are results-focused. A results-focused performance plan describes the expected outcome in terms of measurable results. Measures using quality, quantity, timeliness, cost-effectiveness, or observable products or outcomes are used to describe the desired results. Employees who clearly understand what outcomes or results they are

expected to achieve can effectively and efficiently meet the objectives and goals of the work unit.

- **Strategist and Change-Agent** - As the agency evolves and redefines itself to meet the changing needs of the country and new initiatives, the manager must become a champion of any of those new agency goals and objectives. As a champion and change agent, the manager must fully understand the new objectives and how his/her work unit's performance will impact on meeting those objectives and goals. The manager must be able to effectively communicate to his/her employees what the changes mean in terms of meeting or changing the work unit's efforts to meet the new objectives.

Objective (iv) :To verify the advantages and disadvantages of modern PMS

The most dynamic 360-degree Feedback process: This 360-degree feedback can include quantitative as well as text based feedback to help the supervisor get a better picture of the employee's job performance within the organization.

- **Simplifes the evaluation process for managers:** Performance management systems reduce the amount of time that managers must spend on the administrative aspects of employee evaluations. This enables them to spend more time on face-to-face meetings with staff, where they can discuss strengths, weaknesses, and goals for the upcoming year. Alerts can also be configured, which give managers greater awareness of what needs to be done and when for employee evaluations. UnionHospital, Inc. in Terre Haute, Indiana, has configured notifications in its performance management system to alert managers 60 days before evaluations are due, as well as alerts that prompt managers to get employee sign off on job descriptions.

- **Help employees feel a greater sense of alignment with the organizational mission:**A structured performance evaluation process can lead employees to a better understanding of the organization’s direction. At Union Hospital, for example, each employee has the opportunity as part of the evaluation process to create up to four goals and to align them with the overall hospital goals. These employee-level goals are documented in the performance management system, so both managers and staff can refer to them over the course of the year. In addition, new employees have a 120-day evaluation that assesses their performance relative to the organizational mission. The performance management system guides managers through the three-month review process and employees can revisit their results online. “Our evaluation practices help keep employees informed about what is expected of them and leads to better performance,” said Joanne Davignon, Director of HR and Staff Development at Union Hospital.

- **Make employees more active participants in their evaluations:** Online performance management systems make it possible for employees to have constant access to their evaluations. “When employees have visibility into their goals for the coming year and where they need to improve, they feel more accountable,” noted Meredith Merriman, Human Resource Specialist at Eisenhower Medical Center in Rancho Mirage, California.

- **Communicate clear expectations to employees :** Without frequent feedback, it’s hard for employees to know whether they are meeting expectations for job performance. “Feedback needs to be provided on a consistent basis. Technological solutions are a good way to standardize not only how often employees get feedback, but also the specific areas in which they receive feedback,” observed Dr. Frederick Morgeson, Professor of Management in Eli Broad College of Business at Michigan State University.

Demonstrate to executives where organizational strengths and weaknesses lie : Performance management systems make it easier to assess performance for an entire organization and take the appropriate action. For example, groups that have high turnover and low employee evaluation scores might benefit from leadership training. Development reports that are generated from behavioral assessments can also complement an employee evaluation. These reports rank employees’ behavioral competencies based on their assessment scores, making it easy for managers to identify areas for improvement, based on the lowest ranked competencies. Development reports also recommend training activities that can help staff improve their on-the-job performance.

Provide leaders with the information they need for the board of directors, as well as for compliance and regulatory purposes; Comprehensive reports can be generated from performance management systems to keep senior executive and board members informed about various organizational metrics. Union Hospital recently used its performance management system to support a Healthcare Facilities Accreditation Program (HFAP) survey. “We received a list of employees in the morning that the auditors wanted information about. We had the survey team sit in front of the computer with us and we pulled each employee up. We showed that their job description was signed off, as well as their performance evaluation and competency checklist,” said Davignon.“It was so easy and the auditors were impressed that what they saw in the system echoed what they had heard from employees on the floor. It was the best survey ever.”

The worst-kept secret in companies has long been the fact that the yearly ritual of evaluating (and sometimes rating and ranking) the performance of employees epitomizes the absurdities of corporate life. Managers and staff alike too often view performance management as time consuming, excessively subjective, demotivating, and ultimately unhelpful. In these cases, it does little to improve the performance of employees. It may even undermine their performance as they struggle with ratings, worry about compensation, and try to make sense of performance feedback. These aren’t new issues, but they have become increasingly blatant as jobs in many businesses have evolved over the past 15 years. More and more positions require employees with deeper expertise, more independent judgment, and better problem-solving skills. They are shouldering ever-greater responsibilities in their interactions with customers and business partners and creating value in ways that industrial-era performance-management systems struggle to identify. Soon enough, a ritual most executives say they dislike will be so outdated that it will resemble trying to conduct modern financial transactions with carrier pigeons. Yet nearly nine out of ten companies around the world continue not only to generate performance scores for employees but also to use them as the basis for compensation decisions.[1]The problem that prevents managers’ dissatisfaction with the process from actually changing it is uncertainty over what a revamped performance-management system ought to look like. If we jettison year-end evaluations—well, then what? Will employees just lean back? Will performance drop? And how will people be paid? Answers are emerging. Companies, such as GE[2]and Microsoft,[3]that long epitomized the “stack and rank” approach have been blowing up their annual systems for rating and evaluating employees and are instead testing new ideas that give them continual feedback and coaching. Netflix[4]no longer measures its people against annual objectives, because its objectives have become more fluid and can change quite rapidly. Google transformed the way it compensates high performers at every level.[5]Some tech companies, such as Atlassian,[6]have automated many evaluation activities that managers elsewhere perform manually.

Rethinking PMS application and practice:

Most corporate performance-management systems is not effective and requires a lot more work today, since its roots are in models for specializing and continually optimizing discrete work tasks. These models date back more than a century, to Frederick W. Taylor. In the present digital era companies struggle to asses their people upfront and in case of individual employee KPIs, a development that has created two kinds of challenges. **First**, collecting accurate data for **15 to 20 individual indicators can be cumbersome** and often generates inaccurate information. (In fact, many organizations ask employees to report these data themselves.) Second, a **proliferation of indicators, often weighted by impact, produces immaterial KPIs** and dilutes the focus of employees. Companies come across KPIs that account for less than 5 percent of an overall performance rating. Leading corporate giants like GE, the Gap and Adobe Systems, dropped ratings, rankings, and annual reviews, practices that GE, and are deliberating on objectives that are more fluid and changeable than annual goals, frequent feedback discussions rather than annual or semiannual ones, forward-looking coaching for development rather than backward-focused rating and ranking, a greater emphasis on teams than on individuals looks like the exact opposite of what they are abandoning.

Automated tools that collates Pertinent data in PMS : Companies currently are implementing a real-time tool that crowd-sources both structured and unstructured performance feedback from meetings, problem-solving sessions, completed projects, launches, and campaigns. This facilitates the request for feedback from supervisors, colleagues, and internal "customers" through a real-time online app that lets people provide both positive and more critical comments about each other in a playful and engaging way. Employees at GE now use a similar tool, called PD@GE, which helps them and their managers to keep track of the company's performance objectives even as they shift throughout the year. The tool facilitates requests for feedback and keeps a record of when it is received. (GE is also changing the language of feedback to emphasize coaching and development rather than criticism.) GE employees get both quantitative and qualitative information about their performance, so they can readjust rapidly throughout the year. Crucially, the technology does not replace performance conversations between managers and employees. Instead, these conversations center around the observations of peers, managers, and the employees themselves about what did and didn’t help to deliver results. Tools automate activities and the quality of the data improve, as employees find the information more credible, while managers can draw on real-world evidence for more meaningful coaching dialogues. These companies automate activities, add machine learning and artificial intelligence to the mix, the quality of the data that improves data exponentially, also they are collected much more efficiently.

PMS need to get detached from compensation:

The Conventional wisdom of linking performance evaluations, ratings, and compensation are getting removed and appropriate performance levels would be pegged around the market average and retention of talent will happen according to performance, according to market rate, to attract and retain talent. If poor scores bring employees below the market average, to provide a disincentive for underperformance, this gives way for managers to use desired compensation distributions to reverse the performance system and often drown out valuable feedback. They breed cynicism, demotivate employees, and can make them combative, not collaborative. Also linking performance ratings and compensation ignores cognitive sciences and behavioral economics, found that as per Nobel laureate Daniel Kahneman, that employees worry excessively about the pay implications of even small differences in ratings, so that the fear of potential losses, however small, should influence behavior twice as much as potential gains do. Although this idea is counterintuitive, linking performance with pay can demotivate employees even if the link produces only small net variances in compensation.

Conclusions and Suggestions for further research:

This article concludes with the findings that employees are not looking for their performance to be managed, rather they yearn for truly personalized career development at all junctions in their workplace tenure. Employees don't wish for there to be an annual performance review, rather they seek frequent, helpful conversations (in an open, mentoring and coaching atmosphere) that aids their development throughout their days and weeks at work. Many research findings also highlights that only 55 percent of employees feel as though performance management appraisals are effective for employees to develop themselves and their abilities at work. With so many research on the area of PMS with survey after survey, and research report after research report, we're no further ahead with respect to improving the performance management process, program or behaviour model in organizations. Some of the experts comments like ;*Performance management isn't a score.* It's a frequent, ongoing coaching conversation. *Performance management isn't an annual meeting*. It's a development opportunity that occurs as necessary. *Performance management isn't bound by technology*. It's a behavioural attribute that puts the employee at the center of his or her growth. *Performance management isn't a hammer*. It's an opportunity to use all of the tools in the toolbox. *Performance management isn't managing performance*. It's the leader's responsibility to help build up and then release the enhanced performance of an employee.

Coaching Employees the art and science of well-being at work : Since only a few employees are standouts, it makes little sense to risk demotivating the broad majority by linking pay and performance. More and more technology companies, for instance, have done away with performance-related bonuses. Instead, they offer a competitive base salary and peg bonuses (sometimes paid in shares or share options) to the company's overall performance. Employees are free to focus on doing great work, to develop, and even to make mistakes—without having to worry about the implications of marginal rating differences on their compensation. However, most of these companies pay out special rewards, including discretionary pay, to truly outstanding performers: "10x coders get 10x pay" is the common way this principle is framed. Still, companies can remove a major driver of anxiety for the broad majority of employees.Companies now are looking at combinations of more than 100 variables to understand what fired up the best people. Variables studied included multiple kinds of compensation, where employees worked, the size of teams, tenure, and performance ratings from colleagues and managers. Companies are concentrating on coaching than PMS; The growing need for companies to inspire and motivate performance makes it critical to innovate in coaching and to do so at scale. Without great and frequent coaching, it's difficult to set goals flexibly and often, to help employees stretch their jobs, or to give people greater responsibility and autonomy while demanding more expertise and judgment from them. Many companies and experts are exploring how to improve coaching a topic of the moment. Experts say three practices that appear to deliver results are to change the language of feedback (as GE is doing); to provide constant, crowdsourced vignettes of what worked and what didn't (as GE and Zalando are); and to focus performance discussions more on what's needed for the future than what happened in the past. Concrete vignettes, made available just in time by handy tools—and a shared vocabulary for feedback—provide a helpful scaffolding.

But managers unquestionably face a long learning curve for effective coaching as work continues to change and automation and reengineering configure job positions and work flows in new ways. Companies in high-performing sectors, such as technology, finance, and media, are ahead of the curve in adapting to the future of digital work. So it's no surprise that organizations in these sectors are pioneering the transformation of performance management. More companies will need to follow quickly. They ought to shed old models of calibrated employee ratings based on normal distributions and liberate large parts of the workforce to focus on drivers of motivation stronger than incremental changes in pay. Meanwhile, companies still have to keep a keen eye on employees who are truly outstanding and on those who struggle. It's time to explore tools to crowdsource a rich fact base of performance observations. Ironically, companies like GE are using technology to democratize and rehumanize processes that have become mechanistic and bureaucratic.

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