

THE CONCEPT AND THE MEANING OF PERFORMANCE MANAGEMENT

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Abstract

Performance management is of paramount importance for organizations, serving as a comprehensive strategy to align individual and team efforts with overarching business goals. By setting clear expectations and providing regular feedback, performance management enhances productivity and efficiency. Moreover, it plays a pivotal role in employee development, offering insights into strengths and areas for improvement, thereby enabling personalized growth plans. The motivational impact of recognition and constructive feedback contributes to a positive work environment, fostering employee engagement and commitment. Performance management systems also aid in identifying training needs, ensuring that the workforce possesses the skills required for organizational success. Beyond individual development, fair and informed decision-making related to promotions and compensation is facilitated through transparent performance criteria, mitigating bias. Additionally, performance management supports succession planning by identifying and nurturing high-potential employees. Regular feedback loops within the system allow for real-time improvements, contributing to a culture of continuous learning. Overall, it serves as a communication tool that aligns organizational objectives, creates unity among employees, and establishes a foundation for sustained success.

INTRODUCTION

The concept of performance management need for continuously managing and rewarding performance by way of getting the desired outcome or results from individual employee within the context of organizational objectives (D. Berdicchia, Bracci, & Masino, 2022). The desired outcome from employees in an organization entail monitoring their behaviour to ensure that those behaviours do not go far from organizational objectives (Rehman et al., 2021). Also, performance management encompasses both results and behaviour as behaviour stems out from the performer and turns performance from a mere thought to course of action and outcome (Armstrong, 2022).

Performance management systems are holistic because can comprehensively monitor employees and groups as well as individuals (Jusoh, Yahya, Zainuddin, & Asiaei, 2021). The performance management system is a combined procedure that involves both managers and their subordinates who together identify common goal and which correlate to the higher goals of the organization (Aliyu, Abubakar Yusuf, & Shuaibu, 2022). Performance management system was conceptualized by various scholars and agencies, it could be understood that it revolves around four key issues ranging from planning of performance, to managing performance, to reviewing performance and finally rewarding performance (Malik & Laker, 2021). This explains that performance management system is a holistic trend that manages the

overall employee performances (both individual and the group) from the day they were employed to the day their services are disengaged either voluntarily or otherwise.

It could also be understood here that performance management system is more than a technique, and it is also not just a process, rather a set of processes that holistically captures issues of employee motivation, mentoring and evaluation to be able to identify areas to be improved upon in the future (Biondi & Russo, 2022). Performance management system and performance appraisal are two different concepts that are at times wrongly interchangeably used. Performance management system begins the moment employees 'jobs are described and ends when they left their jobs. Therefore, performance management is broader and proactive than performance appraisal which only focuses on determining how an individual is carrying out assigned responsibilities and at the end variance will be observed between the desired performance and actual performance (K. Hutaibat, Alhatabat, von Alberti-Alhtaybat, & Al-Htaybat, 2021).

Performance management describes the process of finding and adhering to organizational missions through key performance indicators so as to take counteractive actions that will keep the organization on track (Ogalo, 2021). The strategic performance management is aimed at ensuring that both the financial and non-financial targets of the organization are met (Bananuka, Nkundabanyanga, Kaawaase, Mindra, & Kayongo, 2022). Performance management system of organizations is believed by many researchers to have been born out of the need to salvage human resource practices from some drawbacks and shortcomings (Istikhoroh, Moeljadi, Sudarma, & Aisjah, 2021). Strategic performance management system is a sort of value addition on the improvement accomplished alongside set goals and objectives (Istikhoroh et al., 2021).

From those arguments it could be said that strategic performance management is an avenue for the effective management of individuals and groups in order to achieve high levels of organizational performance (Asiaei, Bontis, Alizadeh, & Yaghoubi, 2022). More importantly, managing employee performance is a strong foundation for other processes within an organization that contribute to achieving organizational objectives (Gilal, Ashraf, Gilal, Gilal, & Channa, 2019).

There is indeed an array of strategies of measuring the effectiveness or otherwise of performance management as there are varied goals and objectives pursued by different organizations (Bryson & George, 2017). This is perhaps so because some organizations attach their strategies for measuring the performance management system on the extent of achieving the target, some prefer less errors, some are after quantity, some quality or both and a host of others focus on the financial aspect. Organizational objectives, individual objectives, performance development, and employee satisfaction are used as measures of performance management, making it more thorough and elaborate. Performance management was measured from the point of view of the organization, the employee, and the job itself (F. Cesarean, Rodrigues, Castanheira, & Sabino, 2022).

The employees that will motivate them to work towards attaining organizational goals (career development, welfare), putting a benchmark that explains an acceptable level of performance, then attaching the ethics (regulations) and finally weighing overall organizational performance in terms of efficiency and effectiveness (Claus & Briscoe, 2009).

1. The Significance of Performance Management

The management of the organization utilized to strive for administrative support for the organization by attaining an effective performance management that will be able to provide the balanced with regard to resources used. This is impossible to achieve without an effective performance management. As a result, the value of performance management became apparent through the assistance it offered to many administrative aspects (Zawawi, Halim, & Kamarunzaman, 2022).

The strategic benefits also highlighted the importance of performance management, since the company's management will use the system to link employee activities to the strategic organization goals. Because of this, the company will use performance management as a tool to enable fruitful business change (Van Thielen et al., 2022). The advantages that performance management used to provide the company in terms of development may be listed as the third benefit.

The measuring tools that performance management provide to boost employee performance and raise their contribution to the objectives of the company utilized to demonstrate these benefits. Such encouragement will be visible in how performance management promotes the growth of continuous changes inside the company that are intended to strengthen its culture and foster innovation (Jiang, Shi, Lin, & Liu, 2020).

2. Assessing Performance Management

By examining an employee's past performance and keeping tabs on them going forward, performance management controls an employee's performance. The entire goal of performance management is to assess an employee's value to the organization and ability to live up to expectations. Performance management is thought to be incomplete without performance appraisal. It is also referred to as the review, and the organization frequently conducts one every year.

The employee's development, abilities, and ability to meet expectations are assessed in this way. It will be determined through this examination whether the individual has the compatibility and skills the organization is looking for. In contrast, if an employee is performing exceptionally well, the company may offer incentives or bonuses, and if there is a performance gap, management will be in charge of improving employee performance by putting into place particular development plans. Another tool for performance management is performance feedback.

This kind of feedback is crucial to the practice; it completes the process and aids management in making decisions about an employee's position in the company. The HR manager provides feedback to the employee regarding their performance, thus whether or not the individual receives a bonus or other type of recognition relies on the input. Feedback must be given in private, be concise and to the point, and include all deficiencies so that the employee can fix them (Hristov et al., 2021).

3. Performance Management Process

Since employee performance and company performance are directly correlated, the company uses the performance management process to assess employee performance and ensure that the company's overall performance is satisfactory. Additionally, this procedure must be completed by every employee (da Costa, Gonçalves, António, Pereira, & Dia, 2019). Followings are the 6 steps of performance management process:

- Define- Setting goals is the first stage in the performance management process. For the employees to aspire to, precise performance outcomes are defined in this step. To make them clearer and more exact, the organization establishes the performance outcomes in divisions and departments. For instance, the sales department wants to make \$1 million a year in revenue.
- Develop- To ensure that the employee is straightforward and capable of achieving the specified performance outcomes, the development of the employee's behavior, goals, and actions are maintained throughout this process. Setting goals helps an employee get on the correct track to accomplish particular objectives.
- Support- In the meantime, the manager's assistance is always needed by the employee to keep motivated during the busy workday. For the employee, the assistance acts as a spark. Discussions about the employee's ongoing performance are required in this level.
- Evaluate- Whatever the results are after the final three processes, they must be assessed. The secret to successful performance management is proper evaluation.
- Result- The HR manager must determine the employee's performance strengths and flaws after sorting the results. The objective is to ensure that the employee does not repeat the same mistakes, regardless of whether they require training, coaching, or any other approach.
- Improvement. The HR manager must also impose severe penalties in order to encourage improvements. Improvements might be made by coaching or training as well as by making sure the employee is aware that if he makes mistakes again, he risked being fired.

The following diagram clarifying the above six steps:

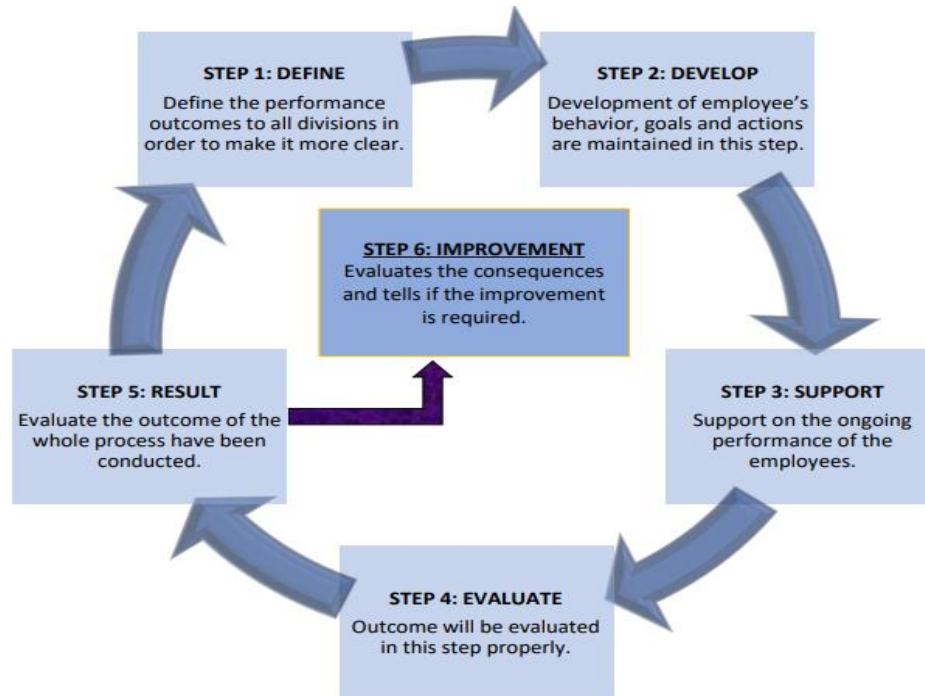


Figure 1: Performance Management Process

Source: Researcher

4. Performance Management Approaches

Different ways have been used to discuss performance management, one of which is the comparison approach. Many businesses have attempted to improve the comparative approach in performance management so that different contracts of investigation plans can be in line with one another. A good method of comparing different species using this method (Dogan, 2022). A different type of performance management strategy is the attribute approach, which is used to assess an organization's performance through its portfolio. By identifying sources of excess return, this type of performance management aids businesses in the investment of active funds (Waladali, 2022). Another method to performance management is the behavioral approach, which focuses on how the environment and outside stimuli might impact an employee's mental state while they are working for a company (Zafar, John, Basharat, & Timmons, 2022).

The performance management system's results-based approach offers a suitable framework for producing appropriate results from a variety of learning, guiding, and communicative goals. With the right strategy, an organization can achieve its objectives, fulfill the right purpose, assign blame, improve performance, and strengthen successful cultural value (García Osma, Gomez-Conde, & Lopez-Valeiras, 2022). The quality approach is a crucial type of performance management strategy that aids in raising the standard of service provided to customers.

Delivering efficient services would help the firm improve its quality strategy and strengthen its position in the market (Sureka, Kumar, Kumar Mangla, & Hourneaux Junior, 2020).

5. Effective Performance Management

The efficiency of performance management has been the subject of numerous research that linked theoretical framework with practical implementations. One of the most important factors that helps in achieving effectiveness is the generalization of the obligation to implement performance management on all parties affecting its success in the organization as it pertains to all employees at all levels. Additionally, the sources of performance management must be distinct and comprehensive. In certain businesses, assessing performance through customer satisfaction is a common practice. In other organizations, measuring performance through adopted budget accomplishments is the norm. Designing performance management goals to ensure ongoing organizational improvements is one of the essential elements of good performance management. The implementation of effective performance management will be assisted by the activation of communication procedures. Through this communication, which fosters the sharing of experiences and strengthens the sense of teamwork, all employees in the organization will work to contribute to the achievement of the organization's goals. Planning the implementation process for performance assessment is essential to ensuring its alignment with the organization's strategy. The organization must be able to motivate employees to contribute to the achievement of the organization's goals through the use of performance management, which necessitates careful planning for all performance management methods.

6. Performance Management in the UAE

Organizations in the UAE must have a better grasp of performance management success in order to target their resources and efforts in the most productive ways possible (Prasad, Pradhan, Gaurav, & Sabat, 2020). As was previously said, there has not been much empirical study of PMS in the UAE and the Middle East. The literature on performance management in the public sectors in the UAE is lacking. After carefully reviewing the available literature on performance management in the UAE, it was determined that none of it was equivalent to the findings of this thesis. However, the literature concentrating on underdeveloped nations is utilized as a proxy due to the dearth of research on performance management in the UAE. However, there isn't a lot of literature that looks at many areas of performance management, even in developing nations (Alshams, Adaikalam, Karim, Hock, & Hossain, 2020). Most of the performance management literature concentrates on performance management in the private sector; less emphasis is on the public sector (Al-Gamrh, Ku Ismail, Ahsan, & Alquhaif, 2020).

The highest governing body in the nation, the Abu Dhabi Executive Council, established goals for all government organizations to meet in order to align their strategic initiatives with the Abu Dhabi Vision 2030. In order to do this, the Abu Dhabi Water & Electricity Authority (ADWEA) has launched a project with the goal of entirely revamping their company to become a more effective, customer-focused, performance-oriented organization while also making the Abu Dhabi 2030 Vision possible. The Balanced Scorecard (BSC), the same framework utilized by the Abu Dhabi Executive Council, was chosen by the ADWEA Board of Management as

the ideal framework for performance management and plan execution. The BSC was seen as a tool for addressing the needs of a wide range of stakeholders both now and in the future while striking a balance between risk, cost, and performance. Its official name is ADWEA Strategic Transformation (ASTRO).

Although it was initially created to establish specific priorities, key performance indicators, and initiatives to measure an organization's performance, all of the organizations in this study joined ASTRO, which was launched in 2009 and played a critical role in unifying the group's companies around the ADWEA strategy. The ASTRO project's overarching goal was to construct and design a framework for the execution of a strategy with the intention of improving alignment, interaction, and collaboration with ADWEA and its group of enterprises. However, on a fundamental level, it makes it easier to translate the strategy into operational terms and enables the company to track the execution level.

CONCLUSION

The role of performance management in organizational success cannot be overstated. Serving as a multifaceted strategy, it not only aligns individual and team efforts with broader business objectives but also cultivates an environment of productivity, efficiency, and continuous improvement. The emphasis on setting clear expectations and providing regular feedback fosters not only employee development but also a positive and engaging workplace culture. By addressing individual strengths and areas for improvement, performance management enables personalized growth plans, contributing to the overall skill enhancement of the workforce. The transparency in performance criteria promotes fair decision-making, reducing bias in matters of promotions and compensation. Furthermore, its contribution to identifying and nurturing high-potential employees supports effective succession planning. The incorporation of regular feedback loops allows for adaptive improvements, emphasizing a culture of continuous learning and development. Ultimately, performance management serves as a vital communication tool, harmonizing organizational objectives, fostering unity among employees, and laying the groundwork for sustained success in the dynamic landscape of the modern workplace.

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