PERFORMANCE MANAGEMENT MODELS AND THEIR RELATIONSHIP WITH PRODUCTIVITY

Isa Ismaila[1], Bashir Garba Ibrahim[2]

[1]*Nigerian National Petroleum Corporation*

[2]*Centre for Defence Procurement Logistics and Supply Chain Management,*

Air Force Institute of Technology, Kaduna

ABSTRACT

This investigation analyses performance management and the organizational efficiency of Nigerian National Petroleum Corporation. Essentially performance management framework was begun by defence services administrations to spur their workers to confront upsetting and tough spot in operation. Performance management is an instrument which target on dealing with the individual and workplace in such a way that an individual or group can accomplish and put forward hierarchical objectives. At the point when fruitful performance management framework is carried out, it helps in assessing and working on both individual and employees performance against predefined business techniques and targets. According to the available literatures analyzed in this study, there are different models and hypothesis of performance management as discuss in this paper. Every idea of performance management has its significance as a framework for overseeing hierarchical execution, overseeing representative execution, and for incorporating the administration of authoritative system and worker performance, from the discoveries radiating from the survey, the examination presumes that presenting performance through (performance evaluation and related factors like preparing, award, advancement and input) is a panacea for upgrading/working on the usefulness of an organization. Thus, the investigation suggests, that administration should set-the-stage effectively by characterizing worker's objectives and adjusting them to the corporate methodology. Likewise, to get the greatest help from representatives, the board ought to, every once in a while, direct evaluation measures which ought to incorporate tuning in, noticing, giving valuable input, and giving acknowledgment to productive investigation of the worker's exhibition.

Keywords: Performance Management, Organizational Productivity

1. Introduction

According to Armstrong and Baron (1998) defined performance management as a "strategic and integrated approach of increasing the effectiveness of companies by improving the performance of the employee who work in them through developing capabilities of teams and

individual contributors. While Nyameh (2013) also state that the performance management is a complete process which throws light on the overall organization performance from the departments level to the level of employees . Previously Alfred (1970) proposed the shift of Performance Management from organization structure to the employees for achieving better performance. Performance management is also defined as a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting a better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirement. Also, Weiss and Hartle (1997) commented performance management is: 'A process for establishing a shared understanding about what is to be achieved and an approach to managing people that increases the probability of achieving success'. Glendinning (2002) suggest that performance management is the system which is supposed to be the need of the hour for organizations and a replacement of the old performance appraisal system. He further debated that an organization without a performance management system has no vision for its future. Gravett (2006) concluded that employees must be acquainted with the performance management system, working in the organization and there should be a discussion with the employees about the scale and the measures you are using for the performance evaluation.

McKinsey in their book "Performance Management Hand Guide Book" explained performance management as going outside just having a process for giving clear commands to employee's top-down, or a way of creating reports rapidly or even an IT system to handle large volumes of data. Rather, they defined performance management as a way of ensuring that everyone in the organization will deliver the right actions to execute the strategy. And that effective performance management is about establishing a delivery culture in an organization and to achieve this, the employees must be empowered to deliver within their area of responsibilities. Effective performance management allows the organization to effectively run a business on a day-to-day basis and enables and sustains any perfections. The main goal of performance management is to ensure that the organization as a system and its subsystems work together in a unified fashion for accomplishing optimum results or outcomes.

Gravett (2006) opined that performance management aims at developing individuals with the required commitment and competencies for working towards the shared meaningful objectives within an organizational framework. Another study reveals that the overall objective of PM is to develop the capacity of people to meet and exceed prospects and to achieve their full potential to the benefit of themselves and the organization. Performance management provides the basis for self-development but importantly, it is all about safeguarding that the support and direction people need to develop and improve is enthusiastically available.

Performance management frameworks are designed to advance both individual and organizational performance by identifying performance requirements, providing regular feedback and assisting the employees in their career development. Furthermore, performance management aims at building a high-performance culture for both the individuals and other stakeholders so that they jointly take the responsibility of improving the business processes continuously and at the same time raise the competence bar by upgrading their skills within a

leadership framework. Its focus is on enabling goal intelligibility for making people do the right things at the right time.

1.2 The Conceptual Framework of Performance Management

Performance management conceptions explain its hypothetical process and how it ought to work in practice. They provide a framework within which performance processes can be developed, operated and evaluated during implementation. Typically, performance appraisal has been limited to a feedback process between employees and supervisors which leads to under performance. However, with the increasing focus on teamwork, employee development, and general customer service, the emphasis has shifted to employee feedback from the full circle of sources and guide.

1.2.1 360-Degree Feedback

360-degree (or 360^0) feedback, also known as multi-source assessment and sometimes simply called 360 feedbacks, is a performance appraisal method that gathers feedback on an individual from many people who may include their manager, subordinates, colleagues, and customers. This gives managers and individuals' better information about skills and performance, as well as working relationships, compared with more traditional appraisal arrangements based on line managers' assessments. The rationale for gathering 360-degree feedback is that, in complex organizations, managers will not fully understand the contribution of the people they manage, as they may be part of many different teams and engage in autonomous or semi-autonomous relationships with customers or colleagues. There is therefore a strong argument for obtaining wide-ranging information to form an accurate picture of performance. In 360-degree feedback, typically between 8 and 10 people complete questionnaires or give structured feedback describing the performance of the individual under review. The reviewers represent different types of work relationships with the individual: they could be peers, direct reports, more senior colleagues, or customers – hence the term '360-degree' feedback.

Use of 360-degree feedback

The 360-degree feedback recognizes the complexity of management and the value of input from various sources. It is used for several purposes. Research conducted by (Handy et al., 1996) found that typically, 360-degree feedback forms part of a self-development or management development program. The 45 users covered by the survey fell into the following groups:

- 71 per cent use it solely to support learning and development
- 23 per cent for supporting some HR processes such as appraisal, resourcing and succession planning
- 6 percent use it to support pay decisions

360-Degree Feedback- Advantages and Disadvantages

The advantages of using this tool include:

i) Individuals get a broader perspective of how they are perceived by others than previously possible

ii) It gives people a more rounded view of their performances

iii) Increased awareness of and relevance of competencies

iv) Increased awareness by senior management that they too have development needs

v) Feedback is perceived as more valid and objective leading to acceptance of results and actions required.

The disadvantages are:

i)   People do not always give frank feedback

ii) People may be put under stress in receiving or giving feedback

iii) Lack of action following feedback

iv) Over-reliance on technology

v) Too much bureaucracy

1.2.2   540-Degree Feedback Model

This is an extension of 360-degree feedback of performance appraisals whereby the feedback process goes beyond the organization to include customers and suppliers. However, the term is not widespread and some organizations include customer/client and supplier feedback whilst still calling the process '360-degree feedback'. It is intended to fill in the gap noted in 360-degree feedback model. The model is widely used in developing countries. In Nigeria also some organizations such as companies for example (banks) are now using this model of performance management. The 540-degree feedback model incorporates Total Quality Management (TQM) to get the subjective feedback from managers, peers and customers about employees' personal quality, such as cooperation and initiative.
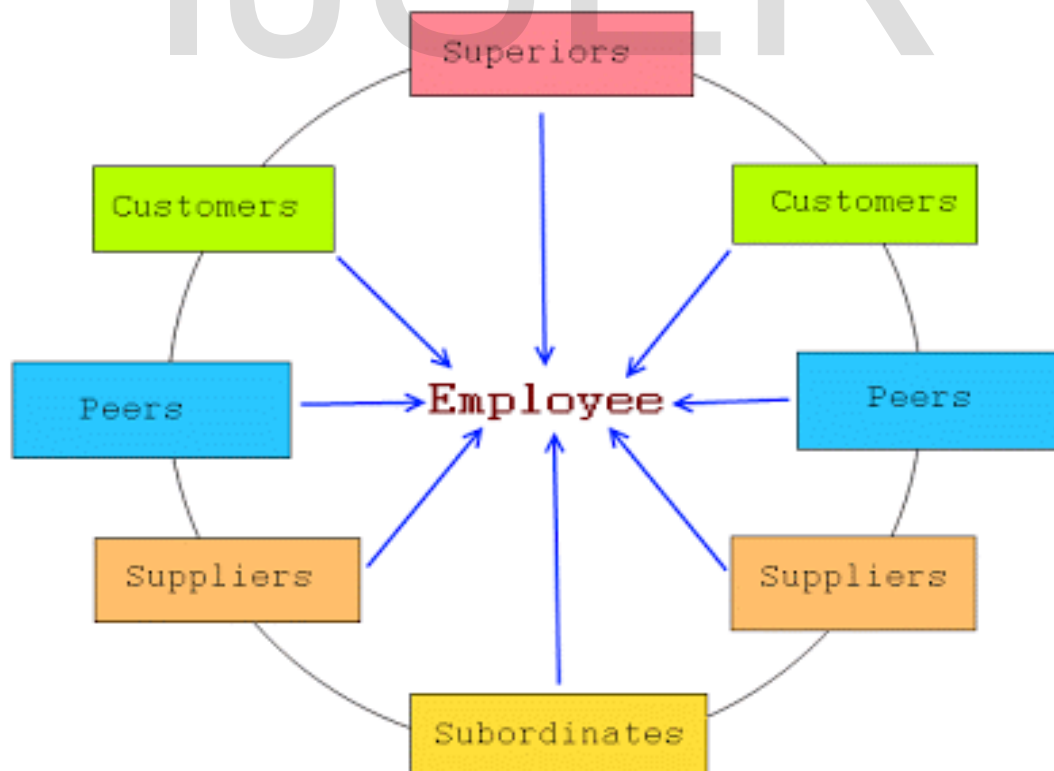
www.whatishumanresource.com

Figure 1. 540 Degree Feedback Model

1.2.3   People Plus Performance Management Model

This model focusses on identifying the unique talent and contributions of every employee. When the reward is based on performance, it is usually for development purposes. The employee tends to be more open and transparent. This serves as an intrinsic reward to the employees, who understand how their managers and others on the work team view them. This concept of plus is usually used after the application of 540-degree feedback. After the compilation of various assessments, a psychologist would meet with the employees to discuss how they feel about their rating, and how to improve on their weaknesses. This performance management puts the strength, weakness, opportunity and threat (SWOT) analysis into operation among employees. People plus model has been used in some US multinational companies, like Coca-Cola, and the result was encouraging. The model has united the company to work as a team all over the world. As a result, Coca-Cola is standing tall among other bottling companies. The company tested the program and found out that among the employees rated, 39 percent were for development, while 36 percent were for improvement.

1.3   Characteristics of Performance Management

Performance management is a planned process of which the five primary elements are agreement, measurement, feedback, positive reinforcement, and dialogue. The outcome is measured in the shape of delivered performance compared with expectations expressed as objectives (management by objectives). It focusses on targets, standards and performance measures or indicators. Activities are measured and discussed during performance dialogues.

It is also concerned with inputs and values. The inputs are the knowledge, skills and behavior required to produce the expected results. People should be involved and carried along in performance management. It should not be just a top-down process in which managers tell their subordinates what they think about them, set objectives and institute performance improvement plan. Buchner (2007) emphasizes performance management should be something that is done for people and in partnership with them.

Performance management is about teamwork in which managers and those whom they manage acting as partners within a framework to achieve the required results. It is based on the principle of management by contract and agreement rather than management by command. It relies on consensus and cooperation rather than control or coercion.

According to Armstrong and Baron (1998) performance management focusses on future performance planning and improvement and personal development rather than on retrospective performance appraisal. It functions as a continuous and evolutionary process in which performance improves over time. It provides the basis for regular and frequent dialogue between managers and individuals about performance and development needs based on feedback and self-assessment.
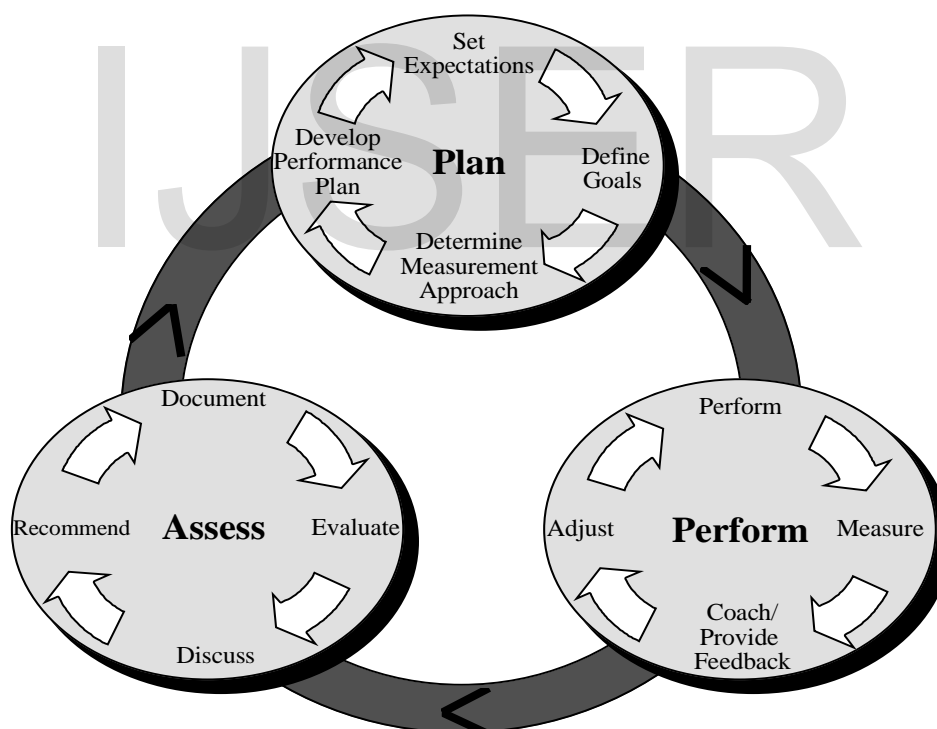
2. The Process of Performance Management

(Agbaeze, 2006) opined that performance process involves managers and those whom they manage to act as partners, within a framework that set out how they can best work together. Organizations are encouraged to migrate from the present method of rating performance to a more enduring, flexible and dynamic approach; performance management. (Armstrong & Baron, 1998) drew an edge that performance management has over performance appraisal.

Table 1: Performance appraisal compared with performance management

Performance appraisal	Performance management
Top-down assessment Use of rating Monolithic system Focus on quantified objectives Often link to pay Owned by the HR department	Joint-process through dialogue Rating less common Flexible process Focus on values and behavior as well as objectives Less likely to be a direct link to pay Owned by line managers

Source: Armstrong (2006:501) Human Resource Management Practice

The performance management cycle consists of three elements as shown below

Figure 2: The performance management cycle

The cycle constitutes a continuous three steps

i)   Plan – this is the process of developing objectives, parameters and establishing performance goals

ii) Perform – is the process of actual day to day demonstration of knowledge, skills and attitudes required to fulfil individual, team, and organizational goals. This is combined with coaching and periodic feedback

iii)　　Assess - involves the periodic formal evaluation and documentation of the output of a job holder relative to the agreed goals

2.1 The Merits and Demerits of Performance Management

Researchers like, (Robins et al., 2007) (Marino, 2007) and others have seen the need to complement the traditional approach of performance rating with performance management. Based on this, it is believed that if performance management is introduced and effectively implemented both performance and rewards will be enhanced in our industries.

Merits of Performance Management

i)　　Performance-Based Conversations: A performance management process encourages managers to discuss performance issues with employees. It is this consistent coaching that affects changed behaviors and employee development.

ii)　　Targeted Staff Development: An effective performance management system can help to identify employment opportunities and can be an important part of a succession planning process.

iii)　　Rewards Staff for a Job Well Done: When pay increases and/or bonuses are tied to the performance appraisal process, staff can see a direct correlation between performance and financial rewards. This motivates and encourages employees to perform at higher levels.

iv)　　Under-performers identified and eliminated: An effective performance appraisal process can help identify and document underperformers, allowing for a smooth transition if the relationship needs to be terminated.

v)　　Documented History of Employee Performance: Keeping a performance record on all employees can help to maintain a historical record of an employee's performance and development journey.

vi)　　Allows for Employee Growth: An effective performance management system can help an employee reach their full potential which can be a positive experience for both the employee and manager.

Demerits of Performance Management

i)　　Time Consuming: It takes a lot of time writing employee performance appraisals and depending on the number of people being evaluated, it can take hours to write the department's PA but also hours meeting with staff to review the PA.

ii)　　Discouragement: If the process is not a pleasant experience, it has the potential to discourage staff. The process needs to be one of encouragement, positive reinforcement and a celebration of a year's worth of accomplishments.

iii)　　Inconsistent Message: If a manager does not keep notes and accurate records of employee behavior, they may not be successful in sending a consistent message to the employee.

iv)   Biases: It is difficult to keep biases out of the PA process and it takes a very structured, objective process and a mature manager to remain unbiased through the process. Performance appraisal rater errors are common for managers who assess performance so understanding natural biases is an important aspect to fair evaluations.

2.3   Organizational Productivity

A workplace however large or small has to be driven by efficiency and achievement that manifests itself in the form of tangible results for the organization and is rewarding for the employee. Less productive inputs and lower efficiency levels are bound to affect the business and jeopardize its sustainability and survival.

Veltz and Zarifian (1994) defines productivity as a complex system including a source of distributions of the results on investments or the difference among the output on input in the production process.

(Silva, 2001) reported in his research that the famous example of work coordinated by George Elton Mayo when studied the Hawthorne's case was part of the study of human relations in the beginning of last century providing explanations between productivity and how individuals are treated in companies in their jobs to achieve it.

Robert and Frederick (1992) defines productivity in the context of combining both effectiveness and efficiency as "how well a system uses its resources to achieve its goals"

He further explained that productivity can be defined in three ways namely:

i)   Economist/ Engineer definition as an efficiency measure: the ratio of output over input, where both are usually expressed in monetary terms

ii)   Defined as a combination of efficiency (outputs/inputs) and effectiveness (outputs/goals)

iii) The broadest definition is anything that makes the organization works better. In this definition, productivity would include efficiency and effectiveness, but also things like absenteeism, turnover, morale, intervention, etc.

2.3.1   Productivity Concept

Earlier studies have established a direct link between employee motivation and productivity. **Hugo Munsterberg, (1863-1916),** a German Psychologist and a Medical doctor in 1892 set up a psychological laboratory at Harvard and began the practical application of psychology and identified three ways in which Psychology could help industry and by extension boosting the productivity of employees

i)   Psychologists could study jobs and find ways of identifying the individual best-suited to particular jobs

ii) Psychologists could help the industry by identifying the psychological conditions under which individuals are likely to perform their work.

iii) Psychologist could develop strategies that would influence an employee to behave in ways compatible with management interest

Mary Parker Follet (1868-1933) an American Political Scientist and Social Worker were interested in group behavior in workplace situations and she discovered that organizational participation is influenced by the group within which they operate. Groups can exercise internal self-control and direction which is the present-day concepts of self-managing teams. Follett's idea here is that organizations should operate on the principle of power with not power over and organizational conflicts are best resolved through integration. Organizations should function as a whole with its component's inter-related and anticipated the system approach.

Elton Mayo (1880-1949) an Australian Industrial Researcher at Harvard University, after his research at the Hawthorne, Illinois Plant of the Western Electric between 1924 and 1936, discovered that workers output stems more from psychological and social factors than from physical conditions. He discovered the importance of the informal groups outside the formal organizational structure. He says that in a work setting, group pressures are placed on individual employees and that output can rise even in situations of deteriorating working conditions provided that the Espirit de-corps or group spirit is strong. Other factors which can keep the workforce productive includes informal group and personal interest shown by supervisors and higher management staff.

Adams, (1966) Equity Theory forms the foundation of this segment of the study. Stacy theory suggests that an employee will consider that he is treated fairly if he considers the ratio of his input to his outcomes to be equivalent to those around him. Individuals are concerned not only with the absolute amount of rewards for their efforts but also with the relationship of this amount to what others receive. An employee who perceives that he is in an inequitable situation will seek to reduce the inequality either by altering his input or by leaving the organization. And altering his input by extension means a drop in his productivity. Equity theory suggests that reward should be tied to performance and by rewarding an employee equitably he becomes motivated and thus his productivity stems more.
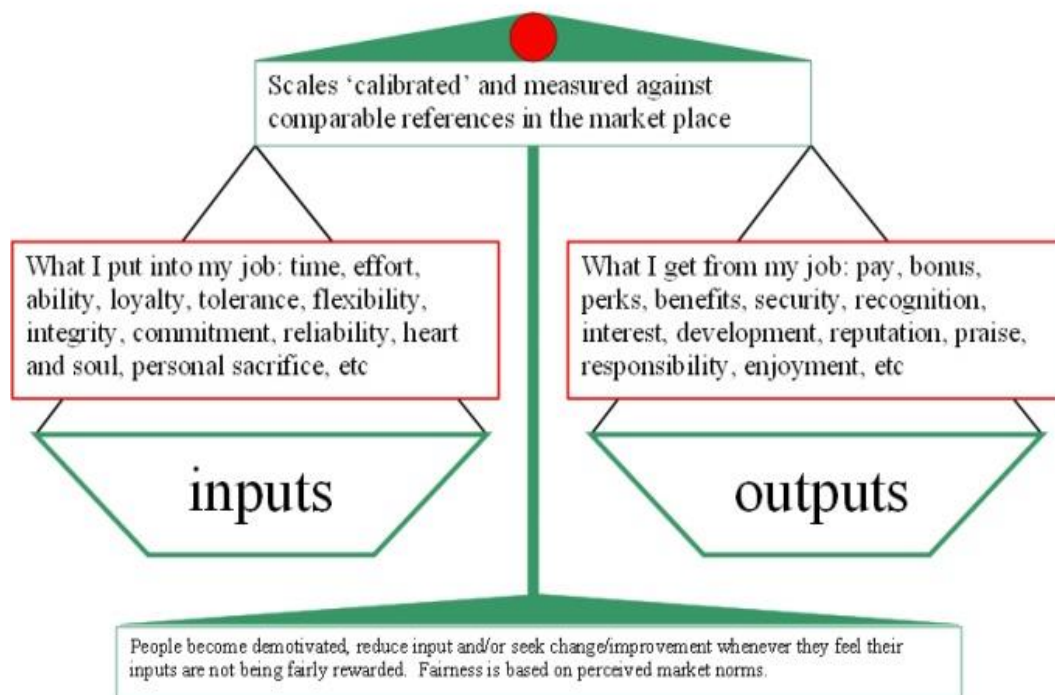
Figure 3: Adams equity theory diagram – job motivation

On the other hand, the employees will respond to inequity by changing their inputs, outcomes and also by adjusting perceptions of self or that of others. They may even choose a different referent and becomes frustrated and may choose to leave the organization.

2.3.2 Factors Affecting Employee Productivity

Karin Jakovljevic in her journal writes that employee productivity is a major concern for employers and lower productivity cannot be blamed on the employee entirely and she suggested a few factors that can help to improve the employee productivity at the workplace as follows:

i)   Accountability: Every employee needs to be well aware that he is accountable for his or her actions and decisions, and he or she can neither pass the buck nor pass the blame to someone else as this will help him work more meticulously and take cautious rather than reckless decisions and not take advantage of his or her place, position or relationship with his superiors.

ii)   Follow up: Employers need to set targets and follow up on every milestone to see if the progress is sufficient and if not review can be made or whether any interim measures can be taken before it is too late to salvage a situation.

iii)   Manage the workforce but avoid micromanagement: It is well known that a large pool of employees does need to be managed, provided direction and assisted. But with this, they must also be trusted, given the freedom to operate in their style and adopt measures which they think are the best to deliver excellent results.

iv)   Encourage, motivate, reward and recognize: The employer must ensure that on his part he always has words of encouragement for his staff. Encouragement helps them move forward and do even better and makes the worker feel happy and motivated.

v)   Demand realistic targets: Employers need to set realistic goals that are within the limits of possible achievement. While an aggressive employer may want his employees to outstretch themselves to achieve farfetched goals, it may also burn them out.

3. Conclusion

From the findings emanating from the review, the study concludes that performance management (performance appraisal and related variables such as training, reward, promotion and feedback) is a panacea for enhancing/improving the productivity of an organization. Consequently, the study recommends, that management should set-the-stage correctly by defining employee's goals and aligning them with the corporate strategy. Also, to get the maximum support from employees, management should, from-time-to-time, conduct appraisal process which should include listening, observing, giving constructive feedback, and providing recognition constructive analysis of the employee's performance. An organization can set it peculiar strategy to meet the requirement of the organization through the availability of literatures sited in this article. The introduction of theory of change and analysis to the organization is very important which help team to have a better understanding of working together in achieving it aim and objectives make organization more effective. Measurement communication and partnership help in achieving this goal.

References

Adams, J. (1966). Inequity in social exchange. *Adv Exp Soc Psychol*, *2*, 267–299.

Alfred, C. D. (1970). *People, Performance and Pay*. The Free Press.

Armstrong, M., & Baron, A. (1998). *Performance Management Handbook*. IPM.

Buchner, T. (2007). Performance management theory: A look from the performer's perspective with implications for HRD. *Human Resource Development International*, *10*, 59–73.

Glendinning, P. M. (2002). Performance Management: Pariah or Messiah. *Public Personnel Management (PPM)*, *31*(2).

Gravett, L. (2006). *The Performance Management and Appraisal; Communicating with Numbers: Measuring employee performance*. SPHR Robert Bacal publisher.

Handy, L., Devine, M., & Heath, L. (1996). *360 Feedback: Unguided Missile or PowerfulWeapon?, Ashridge Management Research Group, Berkhampstead*.

Marino, A. M. (2007). Delegation versus Veto in Organizational Games of Strategic Communication. *Journal of Public Economic Theory*.

Nyameh, J. (2013). Impact Of Sustainable Human Resource Management And Organizational Performance. *International Journal of Asian Social Science*, *3*(6), 1287–1292.

Robert, W. M., & Frederick, N. P. (1992). Factors Associated with Workers' Inclination to Participate in an Employee Involvement Program. *Group & Organization Management*.

Robins, G., Pattison, P., Kalish, Y., & Lusher, D. (2007). An introduction to exponential random graph (p*) models for social networks. *Social Networks*, *29*(2). https://doi.org/https://doi.org/10.1016/j.socnet.2006.08.002

Veltz, P., & Zarifian, P. (1994). De la productivité dês resources à la productivité par l'organisation. *Revue Francaise de Gestion*, *114*, 59–66.

Weiss, T. B., & Hartle, F. (1997). *Re-engineering performance management: breakthroughs in achieving strategy through people*. St. Lucie Press.