Cou
rse Learning Outcomes for Unit V

Upon completion of this unit, students should be able to:

9. Summarize key aspects of strategic performance management processes, including management of learning and development strategies.

Reading Assignment

Before completing your required reading assignment, watch the video that will briefly introduce some of the readings and unit concepts:

- Click here to access the Unit V Video.
- Click here to access the Unit V Script.

In order to access the following resource(s), click the link(s) below:


Unit Lesson

Contrary to common perception, performance management is much more than performance appraisals. The *performance appraisal* involves management assessing whether or not employees are meeting the organization’s standards and goals. Many different members work together to define these goals, including human resources, management, and even the employee.

As mentioned above, the appraisal is a part of performance management; however, managers have more responsibility than just a yearly evaluation. Performance is something that should be regularly communicated, and the employee and manager should be able to talk freely about the organization goals. When it comes time for the formal appraisal, the employee should already have an idea of how he or she is performing. This also gives the employee opportunities to improve performance and develop skills. Effective performance management encourages communication, establishes standards for rating performance, and helps the organization identify top, mid-range, and poor performers. Additionally, formal performance management is imperative to help protect an organization against employment-related legal claims.

In today’s workplace, appraising employee behaviors is extremely important. Most job descriptions have required competencies that may include required behaviors such as positive, can-do attitudes; courtesy and friendliness to customers; or working well with others. The key is to be sure these competencies are attainable, observable, and measurable.

Although many leaders think of managing performance as conducting performance appraisals with employees, managing people’s performance actually involves multiple components—not only performance appraisals. It also involves selecting the best employees for positions, training them well, assigning them to teams and/or projects, keeping them motivated, supervising them in ways that do not irritate them, and rewarding them appropriately. Your mission and objectives of the organization are the driving force for insuring that you are managing performance well. In addition, knowing what motivates certain employees and what does not seem to be a critical piece of the puzzle.

Performance appraisals evaluate how well employees measure up to various performance standards. On the positive side, employees know what is expected of them and see a sense of equity (fairness) by their supervisor and the organization. The issues in this process center on reducing the human bias by training supervisors to conduct the performance meeting in a structured and scientific way.

Something interesting to note is that some companies are actually doing away with the traditional performance appraisal. General Electric (GE), for example, used a traditional performance appraisal for many years; it was not until around 2005 that they realized a change was needed. Their traditional performance appraisal consisted of a numbering system that ranked employees, and the bottom 10% were terminated (Nisen, 2015). Their new system is now much less structured. In some cases, it does away with ranking altogether and provides frequent feedback via an app (Nisen, 2015). This idea may seem foreign to some, but it reflects the changes in the business world. Susan Peters, GE’s head of human resources, believes that the world has changed, and millennials are comfortable with frequent feedback and with the use of technology (Nisen, 2015, para. 10).

Susan Peters notes that times are changing (a common theme in this course), and with that, so must management. Those entering the workforce are comfortable with feedback and with technology, a combination GE is using to their advantage. As you move through this unit, consider this change. Do you think more companies will adopt this approach?

Uday Lele is an individual from India who created eight businesses and went from $20.00-$54 million; his most famous business is the Juicee Gummy Bear company. Something that we can learn from Lele is his advice on how to manage employees effectively. He was of the opinion that you should only micromanage peoples’ weaknesses and macromanage peoples’ strengths (2009). *Micromanaging* occurs when a manager controls every step of the process, even those small steps, while *macromanaging* takes a step back and allows the employee to have most of the control. He explained that what he meant is that people do not need to be managed on things that they have mastered already. He was of the opinion that you just leave them alone; however, if they struggle with certain tasks, it is leadership’s responsibility to know what these weaknesses are and to keep an eye on how they are doing in these areas (Lele, 2009). This concept is also called *subordinate-readiness leadership*, which we will discuss later in the course.
Both micro- and macromanagement are important in any organization, especially when it comes to training. As discussed, micromanaging can be useful in improving employee weaknesses, but could also hinder employee growth if a leader becomes too controlling. On the other hand, macromanagement allows employees to use their strengths, but can also make it more difficult for managers to notice weaknesses.

Good micromanagers may ask questions of employees such as the following:

- When is the deadline of this project?
- How do you plan to tackle the next steps?

Good macromanagers may ask questions of employees such as these:

- What strengths can you bring to the team?
- You have always been really strong with customer service; can you take on this project and let me know the outcome?

Although HR research may not necessarily address these issues in macro- and micromanagement in particular, one would think that the ideas make a lot of sense. Certainly, it would seem that the HR manager should be involved in knowing about all of the major strategic activities of the organization and helping the organization measure and manage what is going on in these areas, without diminishing the performance of the individual or the organization along the way. Knowing how to manage these issues is critical.

When it comes to rewarding employees, the field of compensation is an interesting but only semi-charted area. Uday Lele took a surprisingly strong stand when he said an employer should pay 30% more than the market if he or she likes someone’s work and really wants to retain the employee. Otherwise, they will eventually leave the company for better opportunities. We cannot know for sure that 30% is the magical figure; however, his belief shows that he was aware of the importance of paying good money for someone you see as valuable to your organization. Thinking back to the appraisal process, some organizations have merit-based pay increases because of this very reason. Organizations want to provide incentives to the top employees to remain with the company and continue their efforts.

It is interesting that many compensation experts talk in terms of coming up with flexible approaches to pay. The problem with these discussions, however, is that no one knows how best to design these flexible approaches and what you really get with them. It seems that organizations should be focusing more on what they consider to be the compensable factors for their organization—what the organization should be paying people for those activities, knowledge, and skills that are considered to be critical aspects to performance management.

References


Suggested Reading

This unit discusses performance management and how to do it successfully. This video gives some advice on how this can be achieved:


Additionally, this video explains six steps that managers can use to implement performance management: