

# A Review Paper on Performance Management

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**Abstract---** *The main objective in managing human resources is to make optimal use of human resources so that goals can be met in a very effective and efficient manner. For this purpose it is very important to manage employee performance as a whole. This feature takes care of the performance management. Performance management preserves, improves and motivates working people to deliver better outcomes. The company that gives better results will succeed, stabilize, expand and excel in success in the present competitive situation. This helps in reaching HRM's targets. Activities include performance management. To ensure that targets are met consistently in an efficient and effective manner. Performance management may concentrate on organizational quality, a team, Product or service building processes, staff, etc. For most organizations, performance reviews are used to support decisions relating to training and career development, compensation, transfers, promotions, and termination of employment or reduction in force. Generally speaking, the performance review process involves setting clear and specific performance expectations for each employee and offering regular informal or formal input on performance of employees according to those stated objectives. However, recent trends include a less formalized process that focuses more on feedback and coaching, rather than a time-consuming paper trail.*

**Keywords---** *Human Resource, Leadership Principles, Manpower, Performance Appraisal and Resources.*

## I. INTRODUCTION

With the support of resources like people, equipment, materials and money, each organization carries out its mission. Other resources are non-living except for manpower because manpower is a live resource that produces. Manpower[1] uses other tools, and generates production. If there is no manpower available then other resources are worthless, and nothing can be made. Among all the manufacturing factors, manpower has the highest priority and is the most important development factor and plays an essential role in efficiency and quality areas. In case, lack of attention to the other factors that is non-living that leads to some degree of decrease in profitability. Nevertheless, overlooking the human resource will prove catastrophic. In a country where there is an abundance of human resources, it's a pity they remain underutilized. "No industry can be made efficient as long as the basic fact remains unrecognized that it is human". The people at work comprise a large number of people of different sexes, age, socio-religious groups and different standards of education or literacy. These individuals in the work place exhibit not only similar behaviour patterns and characteristics to a certain degree but also they show much dissimilarity.

Technology alone, however, cannot bring about desired change in economic performance of the country unless human potential is fully utilized for production. The management must therefore be aware not only organization but also employees and their needs. The human resource is important, and hard to handle. It's because of the highly unpredictable

human behaviour. It varies not only from person to individual but often at various points of time on the part of the same individual. Despite biological and cultural similarities, human beings vary not only in appearance but also in ability based on context, training and experience. The most important component of the company is human resource or an individual at work. Management cannot continue at any expense to neglect the human resources. Management is the practice of doing business effectively with and through other people. The management process includes planning, Organizing, leading and controlling activities those take place to accomplish objectives. Being a branch of management, personnel management also performs the same functions towards the achievement of objectives.

## **II. HUMAN RESOURCE AND EMPLOYEES**

An organization's main component is its human resources[2] or workforce employees. From the national point of view, human resources were described as the expertise, skills, creative skills, talents and skills acquired in the population: whereas from the point of view of the individual company, they reflect the total inherent skills, acquired knowledge and skills as exemplified in the talents and skills of its staff. People calls these resources ' human factors' which refer to a whole composed of physiological, psychological and ethical components that are interrelated, interdependent and interacting.

It is this human resource[3] that is paramount in any organization's success because most of the challenges in organizational environments are human and social rather than physical, technological or economic. Failure to recognize this reality causes the government, the company and the individual enormous losses. Any business can be made effective as long as the basic fact remains unacknowledged that it is essentially human. It is not a mass of machines and technological processes but a male body. It is not a matter complex but a culture complex. It fulfils its purpose through human energy rather than by virtue of some impersonal force. People at work comprise a large number of individual of different sex, age, socio-religious group and different educational or literacy standards. These individuals in the work place exhibit not only similar behaviour patterns and characteristics to a certain degree but they also show much dissimilarity.

## **III. EMPLOYEE PERFORMANCE**

That company was set up with certain targets to accomplish. Using the tools such as people, computers, materials and money will accomplish these goals. All these services are important but the most important out of these is the manpower. This plays an important role in the fulfilment of the objectives tasks. The question arises as to how manpower utilizes such tools. Additionally, the business environment is drastically changing. The contributors to the climate are uncontrollable. All are beyond the reach of corporate management[4]. To do the business in the market one has to adjust with the external factors.

Every environmental factor such as social, cultural, legal, political, economic, technological, and competition is very rapidly changed. The understanding of these variables must be for effective work otherwise the strategy would misfire. It is hard to predict about anything in the present situation. It's hard to say what will happen next. Once again it is felt the

need for highly skilled and committed workers who can deliver the best performance. Nowadays the markets are also very competitive and there is cut throat competition. For every organization it is difficult to start, survive, stabilize and excel in the business. The firm that gets the advantage over other competitors through their talented and dedicated manpower can take the lead in the market. The contribution of employees on job is the most imperative factor for development and excellence in business. The performance of employees on different jobs in close coordination is needed for success of the unit.

#### **IV. ADVANTAGES OF HIGHER EMPLOYEE'S PERFORMANCE**

Following are advantages of higher performance to the individuals, organization, society and Nation as a whole:

- The productivity of individual on job increases.
- Employee gets satisfaction at job.
- Psychological problems of employees come to low level.
- Involvement of employees in their jobs increases.
- A sense of commitment and loyalty among employees develop
- Employees get higher salaries and incentives on production basis.
- Quality and quantity of the total production increase.
- Sales and market shares of the company in the market improves.
- Profit improves and that leads to progress of the business.
- Good will of the organization goes high.
- All these contribute in the development of national economy and living standard of the society as a whole.

#### **V. PERFORMANCE MANAGEMENT**

The main objective of managing human resources is to make optimal use of human resources so that targets can be achieved in a very effective and efficient manner. For this reason it is very important to manage employee performance as a whole. This function takes care of the performance management. Performance management[5] maintains, develops and motivates the working people to deliver better results. The organization that delivers better results can survive, stabilize, grow and excel in performance in the current competitive situation. This helps much in reaching HRM's targets. Performance management includes activities to ensure that targets are met consistently in an efficient and effective manner. Performance management may concentrate on organizational quality a team, processes for creating a product or service, staff, etc.

#### **VI. FUNCTIONS OF PERFORMANCE MANAGEMENT**

The performance management is mainly concern with the performance of the people, systems and organization. To achieve this objective performance management[6] performs a variety of functions. These functions are given below:

### **VI.I Create Healthy Work Environment**

HR or performance manager collaborates with the staff. They aim to create an environment of openness, confidence, mutual understanding, team spirit and cooperation. Only the energy can be used more efficiently in this setting to contribute to organizational goals. With the aid of HR policies, they build climate, day to day business, leaves rules and regulations, health, promotion, discipline, benefits, training etc. It gives people confidence to work without worries.

### **VI.II Develop Performance Plans**

Management[7] goes to work planning, skills required to perform the jobs and expectations required to perform the jobs. This requires job description, job requirements and work performance quality fastening. Only the type of person required can be ascertained through these plans.

### **VI.III Selection of Appropriate People**

It is necessary to carry out various types of jobs in the manpower of the organization. The type and number of persons required shall be selected from the aspirants. For order to fulfil the activities at the required time, they can be made available at the right place in the right time. This can be accomplished by proper training and selection of workers.

### **VI.IV Decision Regarding Performance Standard**

Quality management[8] as a method of human resource management, in conjunction with top-level management, department heads and experts or consultants, the managers takes decisions regarding the appropriate performance standards. It is considered the people at work to have the lowest, best and average results. Upon detailed discussion the management sets the most realistic standards.

### **VI.V Plans for Development of Employees**

Performance management is interested for development of both employees and organization.

With the development of one is the development of both. He conducts orientation of the persons, provides education, and finds out the need for training and conduct training programme for development of skills, knowledge and competencies. This can contribute in improvement of the performance of persons and company.

### **VI.VI Measurement of Performance**

Performance management is involved in both staff and organisation's growth. With one being built the development of both. He conducts people orientation, offers instruction, and points out the need for training and conducts skills, knowledge and competency growth training program. This can lead to individual and company performance enhancement.

### **VI.VII Conducts Performance Feedback**

The management finds the slow moving persons after performance measurement of all employees. The goal of performance management is to find out why it's going slow. Coaching sessions for such individuals and to give

feedback[9]. They propose ways of improving their performance, too. That clarifies other employee questions. This makes the people appreciate their quality and challenges a lot. The mindset of the workers is improved profoundly through the coaching and counselling session.

### **VI.VIII Design Compensation, Recognition and Reward System**

The slow and fast working people are defined by performance appraisal system. The management designs the compensation, recognition, and reward system according to the performance. The incentives are designed for good performers as per the output. They are given better incentives whereas less incentives or denials may be given to slow working people.

## **VII. CONCERNS OF PERFORMANCE MANAGEMENT**

Performance management is an important function of human resource management. HRM is mainly interested for proper utilization of manpower and contribute to a good extent in achieving the objectives of the organization. In nutshell, it can be said that through better performance it is to make the organization more effective in the present competitive situation.

The following are the main concerns of performance management:

### **VII.I Concern with Productivity**

First of all, it is concerned with the production per person or system or machine or group. It is concerned with the results obtained, the performance of activities, the skills needed to carry out these activities from each individual, group or department as a whole. It is difficult for everybody to live, stabilize, evolve and excel in their success in the present uncontrollable, dangerous and rapidly changing climate. Those in a position to offer outstanding performance are market leader. They just exploit full opportunities. Performance management is primarily concerned with better results through processes, inputs and skills needed. Performance management is mainly concerned for better result through processes, input and required competencies. It is possible through planning, developing, measuring and review of the performance of every one. Performance management plays an imperative role for effective working of HR management.

### **VII.II Concern with Planning of Performance**

Quality management[10] is concerned with preparing people performance at work for better future results. This means identifying objectives which are articulated as goals and in business plans. It schedules everybody's positions, performance expectations to be provided in advance so that the actual performance can be matched with those standards. Individual or group success is consistent with the organisation's objectives.

### **VII.III Concern with Performance Measurement and Review**

The next concerned of it is to measure the output of individuals and systems periodically. Further it is to compare with the standards already fixed. This shows the position of the performance whether the result is in the required direction or not. If the result is as per the planning then it is to be maintained otherwise it needs the remedial action for improvement.

This position must be reviewed further for better result also. Though this concern many irregularities will be removed and there could be better and smooth performance of everyone concerned in achieving the objective of the organization.

#### **VII.IV Interest in Continuous Improvement**

The theory of performance management is focused on creativity in all aspects of the organisation. Concern with continuous improvement is based on the belief that the constant effort to reach higher and higher expectations in each part of the organization will provide better performance and will be in a position to give the organization a competitive advantage over its rivals.

### **VIII. BENEFITS OF PERFORMANCE MANAGEMENT**

Handling efficiency is a very critical part of managing the human resources. The emphasis is on individual and organizational performance aspects of development. The Performance Management approach is positive. In today's highly competitive environment there is a need for a high degree of skill and commitment to understand the environment and perform accordingly. Everybody gets benefit from performance management actions. To sum up the benefits of it in depth is a bit difficult.

One can increase productivity and profitability for any organization and that leads to progress of the organisation. It can be applied by organisations or a single department or section inside an organisation as well as an individual person. The process is a natural, self-inspired performance process and appropriately named the self propelled performance process (SPPP).It is claimed that the self propelled performance management system is:

- The fastest known method for career promotion
- The quickest way for career advancement
- The surest way for career progress
- The best ingredient in career path planning
- The only true and lasting virtue for career success
- The most neglected part in teachings about management and leadership principles
- The most complete and sophisticated application of performance management

### **IX. CONCLUSION**

The human resource is important, and hard to handle. It's because of the extremely unpredictable human behavior. It varies not only from person to individual but often at various points of time on the part of the same individual. Despite biological and cultural similarities, human beings vary not only in appearance but also in ability based on context, training, and experience. The most important component of the enterprise is human resource or a person at work. Administration cannot afford to ignore human resources at any expense. Management is the process of efficiently getting activities completed with and through other people. The management process includes planning. Organizing, leading and

controlling activities those take place to accomplish objectives. Being a branch of management, personnel management also performs the same functions towards the achievement of objectives. Different terms are used for personnel management. The different terms are labor management, labour administration, labour management relations, employe employer relations, personnel administration, human assets management, human resources management etc. In simple sense, human resource management means employing people, developing them, utilizing, compensating and maintaining their services in tune with the job and organizational requirements.

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