

A General Framework for Performance Management Systems: Structure, Design, and Analysis

Supaporn Siriphueng¹
and Ariya Phuvakeereevivat²

Faculty of Business Administration,
Department of General management,

¹Siam Technology Collage, Thailand

²Bangkokthonburi University, Thailand

¹orange1_honey1998@hotmail.com

²fa2121mydaring@hotmail.com

Abstract - The research aimed to study Framework for performance management system: structure, design, and analysis, and working efficiency. Employees may spend their time on the job behaving in a variety of ways. The purpose of a well-designed performance management system should be to channel and motivate employees to concentrate their energies on value-added performance. The extent to which an organization achieves this outcome depends upon the design and structure of its performance management system. The basic framework of any performance management system as presented here involves four levels of operations, policies, and practices: 1) executive leadership; 2) the infrastructure of strategy, measurement and control, and work process; 3) human resource policies and practices in attracting, hiring, developing, and compensating employees; and 4) workplace working conditions shaped and driven by the practices of managers and supervisors and the dynamics of the work group or team. The issues that performance improvement specialists need to consider in analyzing an organization's performance management system are noted.

Keywords - Framework, Performance Management, System

I. INTRODUCTION

Their time at work doing any number of things. Certainly, they can perform their assigned duties such as working with a customer, preparing a report, assembling a widget, and so on. But they can do other things, such as taking care of personal business (arranging a doctor's appointment or scheduling a vacation), socializing (or complaining) with co-workers at the water cooler or with friends on Twitter, playing games or surfing the Internet, sleeping, or simply doing nothing while staring out the window. That is, people can exhibit a wide range of behaviors while on the job. Obviously, employers would like to see that the percentage of time spent doing assigned duties is as large as possible while the time spent on those other, non-work behaviors is minimized or eliminated. Moreover, employers would like their employees' work behaviors to be as efficient and effective as possible; there is only a marginal gain if employees spend most of their time doing job tasks but in faulty, inept, clumsy, or harmful ways. In short, employers are interested in more than simply controlling behavior; they are looking to maximize employee productive performance that should in turn lead to better organizational performance. Employee performance is a function of an organization's performance management system. Every organization has a performance management system of some kind, the default condition being one that is

informal, unplanned, and unmanaged. While a performance management system is sometimes equated to an organization's performance appraisal process, a performance management system, as defined here, involves much more. Indeed, a performance management system is the total complex of factors that trigger, channel, and maintain productive task performance. The issue becomes whether a performance management system is well designed and operating to achieve the desired result of maximizing productive employee performance. The purpose of this article is to identify the elements that make up a performance management system, to describe their various design parameters or options, and to note the analytic issues involved in assessing an organization's performance management system.

II. PERFORMANCE: OPENING POSITIONS

As noted, job performance is a more restrictive and precise constructed than behavior. Performance includes all value-adding behaviors or actions that lead to important, positive organizational accomplishments or achievements (Gilbert, T., 1978). Assembling widgets at Acme Widget, Inc. is performance; surfing the Internet for the latest sporting news while on the job is not. Staring out the window thinking about how to improve customer service is performance; staring out the window thinking about last night's TV show is not. Reading a trade journal about the latest industry developments would be performance; reading the want-ads for car sales would not. In short, performance would be those actions that add value, either directly or indirectly, to the organization's capability, achievement, and accomplishment. The bedrock ingredient to effective performance is a skilled and motivated worker. The fundamental model of worker performance is the so-called performance management equation (Maier, 1958). The basic equation is $\text{Performance} = \text{capacity} \times \text{willingness} \times \text{opportunity}$. In other words, employee performance is a function of three factors: capacity to work, willingness to work, and opportunity to work. Capacity refers to a

person's capability to perform assigned tasks. Capacity can come from either: 1) biographical and biological characteristics (what psychologists refer to broadly as "individual differences") such as age, health, intelligence, or temperament or 2) learned knowledge, skills, and abilities gained from education, training, or experience. For Campbell, J.P., McHenry, J.J., and Wise, L.L., (1990) learned capabilities include both declarative knowledge (basic knowledge of facts and theories; e.g., a pharmacist needs basic knowledge of chemistry in order to perform effectively) and procedural knowledge and skills (the actual job-specific knowledge and skills needed to execute specific tasks; e.g., a welder must know the techniques of welding). Willingness refers to an employee's motivation to perform. Motivation is revealed in the choices of behaviors made, the intensity of effort provided, and the persistence demonstrated. Opportunity refers to the structure of tasks and jobs that provide the framework for limiting or enabling performance. Opportunity is the system of A performance management system is the total complex of factors that trigger, channel, and maintain productive task performance. jobs that are linked together into a workflow process carried out using some kind of technology and system of information, all of which function under some system of reporting and control. Campbell, J.P., McHenry, J.J., and Wise, L.L., (1990) divided the basic performance equation into eight components that impact job performance:

A. Campbell, J.P., McHenry, J.J., and Wise, L.L., (1990) Divided the Basic Performance Equation into Eight Components that Impact Job Performance:

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| 1. Job-specific task proficiency |
| 2. Non-job-specific proficiency |
| 3. Communication ability |
| 4. Persistence and diligence |
| 5. Personal work habits and discipline |
| 6. Peer and team performance support |
| 7. Supervision |
| 8. General management and administration |

The performance equation is a multiplicative relationship; that is, if any factor is not present (or equals 0), performance will not occur. If there is no capability or motivation or opportunity, performance cannot happen. In short, a well-designed performance management system should be engineered to supply the organization with the best possible workers by maximizing their capacity, knowledge, skill, motivation, and opportunity.

III. PERFORMANCE MANAGEMENT SYSTEM OVERVIEW

The general framework of the performance management system presented here is shown in Fig. 1. This model indicates that a successful performance management system exists at four distinct and interlocking levels.

First, a successful system requires executive leadership commitment, attention, and support. Along with their actions, leader values and beliefs play a vital role in shaping the organization's culture. Second, there must be an effective organizational infrastructure that has three components business plan or strategy, a management control system, and well-designed or engineered work processes. Third, human resource (HR) policies and practices are needed to define and execute the needed employment relationship. The primary domains for HR policies are in the areas of staffing, development, appraisal, compensation, and communications (Beer, M., Spector, B., Lawrence, P., Mills, D.Q., and Walton, R.E., 1984; Gubman, 1998). Finally, the working conditions at the workplace (office, assembly line, aircraft carrier deck, research lab, retail store floor, kitchen, etc.) are shaped by two factors: manager and supervisory conduct and the dynamics of the work group. Ultimately, the goal of an effective performance management system is to produce consistent, top-quality employee performance by filling jobs with capable and willing employees who know what is expected of them and who are proficient in their work. Employee performance must be appropriately supervised; in turn, then, manager and supervisory performance is a function of the

special performance management system under which managers and supervisors operate. Overall, these various levels should be integrated and aligned to be mutually reinforcing and supportive. This complete matrix of factors (executive leadership; strategy, controls, and processes; HR policies and procedures; and working conditions in the workplace based on management and leadership practices and work group dynamics) defines an organization's performance management system. Each of these levels and their respective components will now be reviewed.

A. Executive Leadership and Organizational Culture

Executives are the top, final decision-makers in an organization; they establish and approve strategy and plans, Not only must the professional be aware of the components of such a system, the professional must be able to analyze and diagnose the strengths and weaknesses of existing systems in a specific organization. This fundamentally involves being able to audit an organization's performance management system. Allocate capital resources, monitor organizational performance, and make major staffing decisions. In short, executives create the basic tone and parameters of an organization's performance management system. In his classic account Peters, (1978) identified a number of mechanisms by which executives affect the operations and functioning of their organizations, such as how they allocate their time (calendar behavior), the issues on which they focus, and level component factors. Executive Leadership Organizational Business plan and strategy Infrastructure Measurement and control system Engineered processes Human Resources Selection training appraisal compensation Policies Communications Working Staffing right personnel | Conditions Setting expectations | A performance management In the Workplace Monitoring | system for selecting, training, Developing skills (coaching) | evaluating, compensating Responding with consequences | managers and supervisors Feedback | Work group dynamics.

B. The General Structure of Performance Management Systems

How they react to problems and mistakes. Beyond their behavioral signals, leaders also have a profound influence in defining the beliefs and values that come to characterize the culture of their organization. This influence can be strong in the case of entrepreneurial-driven start-ups such as Steve Jobs's impact on Apple (Isaacson, 2011), Mary Kay's on her firm (Underwood, 2003), or Ben Cohen's on Ben and Jerry's (Lager, 1994) where owner-leader values establish the very DNA of the culture. In general, culture operates like a remote controller, shaping employee perceptions, values, decisions, and actions and shaping performance in various ways. In this context, executives may decide to create, use, and support a formal performance management system, or they may operate on a rogue basis, acting on their own agenda and without needing to follow general rules. One key issue to consider in assessing any performance management system is the role that executives play in driving employee performance. In addition, it is essential to understand the organization's culture: what are the values it embodies and calls for, and how strongly held are those values among employees, Fig. 1.

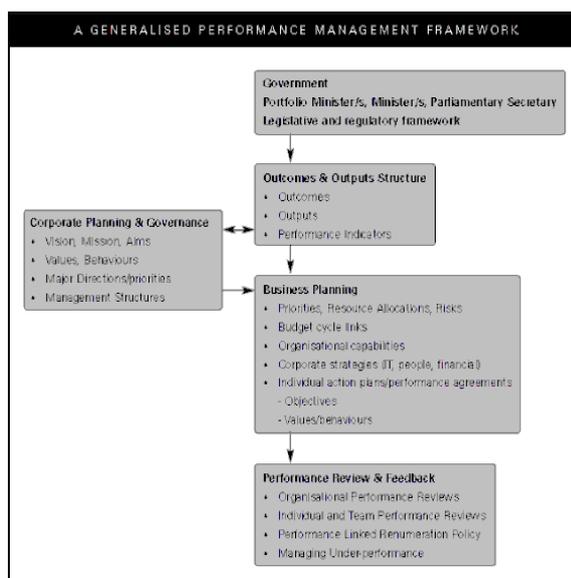


Fig. 1 Generalized Performance Management Framework

Organizational Infrastructure the infrastructure of an organization's performance management system involves three critical elements. The first is the extent to which organizational outcomes are identified and communicated.

IV. CONCLUSIONS

Human Resource Management Policies and Practices. The purpose of a performance management system should be to produce consistently high performance among all employees. Without good policies and practices to guide the treatment of all employees.

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