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# Performance Management And Organization Health

## 1.1 Introduction

Performance management is an act of aligning performances of every staff of the organization and making them more entitled to their job description for organization success. It is defined as doing all the essential requirement and prerequisite to improve the performance of an employee with their roles and duties for short and long term goals of an organization (TV Rao, 2016).

Performance management is the overall word for many performance management related to human resource tasks. It is the systematic process involving staff, as individuals and community members in enhancing organizational effectiveness in fulfilling the mission and objectives of the company.

The functions of performance management in an organization are:

- Specialization of work and aligning the job description
- Work on strategic plan and policy
- Co-ordination and communication
- Performance appraisal
- Forecasting
- Build a team to achieve the goal
- Use tools and method to eliminate the arising problem
- Benchmarking
- Evaluation
- Measurement of performance
- Profit maximization
- Training and motivation
- Development and research

What are those performances that need to be managed?

- Operational performance
- Financial performance
- Market-based performance
- Legal performance
- Tactical performance

From the above kinds of performances and activities, the manager coordinates every hierarchy level of staffs and the tasks, roles, and duties are assigned to them. Therefore, performance management of an organization is all about teamwork to channel the skills towards objectivity. There has to be a commitment to create a mission statement for each job that defines the purpose of an organization.

There have been a lot of theories developed by prominent scholar defining the concept of Organization performance management and its application.

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But I like to be more inclined with a view introduced by Elaine Pulakos (Elaine Pulakos, 2009) who has given depth insightful to guide the organization in the design or redesign of performance management that emphasize both strategic as well as tactical issues, with best practices, guidance, and instances for action implementation. She is majorly on transforming the management into high-performance Adaptability, Resiliency, and Agility (ARA) to build competitive advantage. One of the biggest problems in performance management is we have lost what performance management means. Therefore it's imperative to regrind the insight about performance management through shifting focus and investment from formal PM practice to embedding effective PM behaviour (Elaine Pulakos, 2018).

## **1.2 Model and Theories of Performance Management**

The upheavals and complexities in management have resulted in the emergence of new and comprehensive concepts in business management. All the problems in an organization dwell on lack of performance management and untrusted tools to calibre the performance of an organization. The following theories underpinning performance management according to Buchner (2007) are:

### **Goal theory**

Goal theory was developed by Latham and lock (1979) and has identified four assignments to perform that connect goals to prolific outcomes: 1) Concern majorly on objectives, missions, and priorities 2) stimulate effort 3) bring more knowledge and skills 4) Use skills for different challenging jobs. This theory idea based on setting the objectives that can be achieved through measurement and management.

### **Control theory**

This theory involves taking feedback and shaping behaviours. When people receive the compliment about their behaviour, they receive discrepancy between what they are told to do and what they are doing and finally the mismatch of performance can be controlled by taking corrective actions.

### **Social Cognitive theory**

Social cognitive theory, as developed by Albert Bandura (1968) that is based on the concept of self-efficacy. It says that the person learns from others through observation, imitation, and modelling. Therefore, it delineates that the influence of one person action and behaviours has a lot to do with the performance of an organization.

## **1.3 Tools for Measuring Organizational Performance**

### **Balanced Scorecard**

The balanced scorecard is a performance measurement strategy to improve various internal functions and outcomes that generates from results by financial measurement and planning to make all the activities are aligned systematically and scientifically. The adjusted scorecard is a strategic planning and administration framework which takes into consideration non-financial

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aspect of corporate execution such as client fulfilment and commerce forms, to make a total picture of how the company is likely to perform within the future (Magloff, 2019). Kaplan and Norton (Robert S Kaplan, David P Norton, 1996) formulated a system based on four perspectives point:

- Financial
- Customer
- Learning and growth
- Internal process

How balance scored card helps an organization?

- It helps firms specialize in what needs to be eliminated to make an outstanding performance
- Acts as associate degree group action device to spread company programs.
- Alignment of projects
- Framework for building a communication strategy
- Mapping of business model to understand cause and effect relationship
- Benchmarking tools

Apart from it, balance scorecard can be adapted in charities and foundation, not only for commercial purposes. For public use, the four perspectives of balanced scorecard should be modified as the primary goal of the organization need to be the customer and the financial perspective should be placed at the bottom of the scorecard. Kaplan recommended that the public sector should put a mission objective at the top of the scorecard that speaks the responsibility between association and society (Kaplan, sping2001).

## 1.4 Conclusion

The above discussions define the uses of performance management in an organization and provide clear reasoning for why performance management is pervasive in every organization. Performance management not just help to do the function in the organization but also edify the complexity by taking corrective measures. But trends like needs and individual values, technology and organization culture is changing and has done implication to performance management. Therefore, the organization should be more conscious of these three trends and must be adaptable to meet the requirement of the workplace.

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