KEY FACTORS IN PERFORMANCE MANAGEMENT

Employee point of view

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ABSTRACT

In the thesis, the author reviews measure the key factors in performance management. Furthermore, the main focus of this research will base on literature and as well as across the different in organizations. The thesis confines, its research to the Key factors in Performance Management according to an employee point of view in any organization.

The fundamentals of how employees and organizations need to relate each other to achieve high employee performance management and organizational goals.

Most important insight is gained, to promote the desired employees based on their outcomes in relation to real life performance management practices. This research concluded to a point of ponders that a role of employee performance could not complete without the construction of an organizational culture inside an organization.

Performance management of an organization is directly connected with performance of employees. Achievement of high level employee's performance is a big need to achieve organizations goals all the time. A high level organization management could not be without high level of employee's performance management in this age of competition.

My goal is to choose only those practices that have the greatest benefit impact from both an organizational and an employee point of view. This means in level of organization, selecting practices that maximize employee attraction, retention, development, motivation, skills and knowledge. For employee, it means practices that increase job satisfaction, development, reward system and decision making.

Highly effective and modern era measurements data have been obtained by the conclusion that further research and more references work need to be done to complete research.

CONTENTS

1   INTRODUCTION

A performance management is a strategic and integrated approach to deliver sustained success to organisations by improving the performance of the people who work in organizations. This can be done by developing the capabilities of teams and individual contributions.

Organizations can achieve their goals and objectives only through the combined efforts of their employees and it is the task of management to get work done. Employee performance management is fundamental to the effective operation of organizations. Performance management is an integral part of the employees and organizations relationship. It is essentially an integrating activity that permeates every fact of the operations of an organization (Laurir J. Mullines, Management and Organizational behaviour 2007, 410.)

It is true that successful organization knows, how to win today's competitive world they must attract, develop and retain talented and productive employees. Big organization's get their competitive edge from performance management system that helps them to hire talented people. On the other side, the organizations have to Place employees in the right position, along with their individual performance with the organization's vision, objectives and develop their abilities and reward with contributions to the organization's success.

Organizations need to be efficient in doing right things, in the optimum use of their resources and in the ratio of out puts to inputs. But organizations must also be effective in doing the right things and in their out puts related to some specific purpose, objectives. Performance should be related to such factors as increasing profitability, improved the results in important areas of organizational activities. Innovation as the key to long term success and what leaders of best practice organizations do that is different. They
- ensure they have vision, mission and organizational strategy that are known and understood;
- oversee the setting of demanding but realistic targets;
- set examples in the generating an open, communicative management style;
- champion a culture conductive to learning and continuous improvement;
- distribute leadership responsibilities with the necessary authority, training and resources;
  (Laurir J. Mullines, Management and Organizational behaviour 2007, 756.)

The importance of context which means the real structure, process and people because it can be argued that managing the context will make more impact on organizational success, than any narrowly focused system of performance management.

The importance of competence is always achieved from performance by developing a core team of employees via individual levels of competence among the employees.

A key factor in organizational high performance management effectiveness is the successful management of change and innovation. Increasing international and domestic competitiveness and the need for the organizations to respond rapidly to constant change in their environment have drawn renewed attention in recent years to the concept of the learning organization. A theme of the learning organization is that learning is an essential ingredient of organizational performance. It is therefore often associated with organization development (Laurir J. Mullines, Management and Organizational behaviour 2007, 759.)

1.1   Research Questions

1) What is performance and management and how both of them share a mutual connection to employee's in an organization?

2) What are the relations between employee's and organization commitment?

3) What makes effective to enhance employee motivation and performance in regard to achieve organizational goals?

4) What are the solutions and recommendations to avoid employee performance management problems in an Organization?

Performance
Performance is what an organization hires one to do, and to do well (Campbell, Gasser & Oswald, 1996, 258.)

Performance states that if you cannot define performance you cannot measure or manage it.

It distinguishes an organization from its competitors; it provides an organization with positive economic benefits; and it is something that is not readily duplicated by other organization (Pfeffer, J. 1995, 55.)

It is true that an employee's performance is more function of things like training, communication and best kind of supervision than of his or her own motivation. Performance appraisals tend to be focused more on problems like - what's the employee doing wrong?

Being consistent with this philosophy of performance management, putting the focus on continuous collegial feedback and on changing things like training, incentives and procedures.

Management

Management is an active part not just theoretical. It is about changing behaviour and making things happen. It is about developing people, working with them, reaching objectives and achieving results (Laurie J. Mullines, Management and Organizational behaviour 2007, 411.)

Management is about human beings. Its task is to make people capable of joint performance, to make their best strength more effectiveness and their weaknesses more irrelevant in organizations. This is what organization's are all about. It is also the reason that management is the critical, determining factor of any organization. Employees depend on management for their livelihoods and their ability to contribute and achieve (Peter F. Drucker, Harvard Business School.2006, 194.)

Management in all business and organizational activities is the act coordinating the efforts of people to accomplish desire goals and objectives using available resources. Management play a vital role in an organizational overhaul performance.

1.2   Management process

This is up to four basic functions – planning, organizing, leading and controlling, but these four are connected to each other:
  ➤ Planning. Planning is setting goals and deciding on courses of action, developing rules and procedures, developing plans (both for the organization and for the employees who work for it), and forecasting.
  ➤ Organizing. Organizing is identifying jobs to be done, hiring employees to do them, establishing departments, delegating or pushing authorities down to subordinates, establishing a chain of command in other words, channel of authority and communication and coordinating the work of subordinates.
  ➤ Leading. Leading means influencing other people to get the job done, maintain morale, molding organization culture, and managing conflicts and communications.
  ➤ Controlling. Controlling is setting organizational quality standards, comparing actual performance with these standards, and then

taking corrective action as required and when required (Dessler, Gary2001, management: leading people and organizations in the 21st century, 3.)

1.3   Performance management

Performance management is a strategic and integrated process that delivers sustained success to organization by improving the performance of people who work in them and developing the capabilities of individual contributors and teams (Armstrong, 1994).

Performance management is a ubiquitous term in today's business environment, being embedded in the body of knowledge of various disciplines and being used it at all organizational levels (Brudan, 2010).

Performance management is a system by which an organization evaluates and develops its employee's skills, behaviour and individual employee performance in order to improve organizational performance in this competitive World.

Performance management is the system through which organization set work goals, determine performance standards, assign and evaluate employee's work, provide performance feedback to employees, determine training and development needs and distribute rewards to employees (Briscoe & Claus, 2008.)

1.3.1   Importance of performance management

Performance management is very important to both employers and employees. From the employers prospective, it is vital to understand how your employees contribute to the objectives of the organization. A good performance management system enables the organization to understand how its employees are currently performing. It allows organizations to undertake a thorough assessment of the training needs of its employees, set development plans and gives them the option of using the result of the performance management process to influence an individual remuneration.
From the employees prospective, the performance management process provides transparency over performance at workplace and can be used to assess future career development requirements (http://www2.accaglobal.com/documents/employers_perform_mgt.pdf access date 30.9.2013).

1.4   Benefit of effective employee performance management

Improved productivity - Improvement in both the way employee work and outcome they produce.

Improved employee morale - Resulting from one time performance appraisals and reward commensurate with employee contribution. The employee morale has direct effect on organizational productivity. To recognise the value of employee is key to success of any organization. A few words of sincere admiration for a job well done will help increase moral among employees.

Retention of top performers - Employees who feel accomplished in their work becomes loyal employees.

Increased profitability - Loyal employees deliver higher levels of service that result in customer loyalty. It is very important to create an effective team of people which help to increased profitability.

Recruitment of talented people all the time, proper training plan for them according to their jobs. Proper system of motivation, Monitor and measure their productivity and performance. Giving employees the support they need and reward your employees when they deserve.

Right job for right person - The right job for right person in organization effect lot on organizational productivity, the employee who was a real pleasure to be around but who was terrible at his job -Such as really friendly third stringer on the foot ball team who cracks great jokes but can't catch a ball to save his life? Have you ever felt stuck with an employee -as if you or your predecessor made the wrong hiring decision and now you have to live with the person, pulling out your hairs because to attempts to improve your performance always end up falling flat. Sometimes no matter how like able or hard working an employee is or how much effort you together invest in improving his or her performance even reality dictates him or her never will be good at his or her current job. He or she will never good with job not because he or she is not motivated for this job or he or she do not have a right tool for this job that he or she need to do his or her job but because he or she does not have the talent or fit for the job.

The talent and fit factor refers to that intangible area of performance that pegs to a person's natural ability and preference. It refers to a person gifts and passions and to whether those gifts and passions are suited to the key responsibilities, skills and competencies required for a given job. Interestingly although talent and fit factor can be measured and assessed and cannot be changed in this way talent and fit factor is very unique in the performance factor which belong to any employee of any department (Sabbag 2009, 5-7.)

Performance management is a communication between a manager and an employee arrive together at an understanding of what work is to be accomplished, how it will be accomplished, how work is progressing toward desired results.

1.5   Global approach on employee performance management

Global approach on employee performance management varies country to country and culture to culture. Employees and management can have different views of fair and just pay and rewards on performance. There are cultural influences on the employees and the management's understanding of good performance. These cultural influences can differ from country to country and complicate the standardization of the performance management policies in multinational companies.

Many multinational companies have come to the conclusion that they should strive for a globally consistent approach to performance management but the path to successful implementation is far from straightforward.

This new globalization age of competition in all kind of organization's is a big challenge for all level of employees, While this globalization has created new markets and growth opportunities for many existing organization's but on other hand it also created new challenges for organization's to build high performance management standards for all level of management and employees to achieve the globalization market standards.

It is all about international management which is the performance of the management functions of planning, organizing, leading and controlling across national border. Going globally, presents the organization with new and often perplexing problems. Organization must be adept at dealing with a wide range of economic, legal, political, sociocultural and technological factors which has effect on employee performance management(Dessler, Gary2001, management: leading people and organizations in the 21st century, 47.)

1.6   Objective of my study

Align the activities and behaviours of an employee performance with organization's objectives and values.

Assess the performance of an employee comprehensively and fairly.

Systematically develop the capabilities of employees.

Most important object of the whole study and research done is to evaluate and highlight the highly effective factors in the management of performance of an employee in an organization.

Employee performance management proved to be very effective on the employee motivation to work for an organization with best effort and dedication, to achieve the objectives of study it is focused some secondary objectives also.

1.7   Research and performance management history

The traditional level at which performance management is used in the organizations is an individual employee level. Individual performance management is perhaps the level with longest history, as it mirrors the organizational level of maturity. The precise origin of performance appraisal is not known but the practice dates back to the third century when the emperors of the Wei Dynasty (221-265AD) rated the performance of the official family members (Banners & Cooke, 1984, Coens & Jenkins, 2000).

The origin of performance management can be traced back to the 1940's. Primarily the process was developed by managers to justify whether the salary that was being paid to individual was justified. Since then, performance management processes have become much more sophisticated and have evolved to encompass variations on the line manager, employee appraisal to encompass areas such as competences, 360 degree feedback, and development   planning (http://www2.accaglobal.com/documents/employers_perform_mgt.pdf access 30.9.2013.)

A research history proved that treating employee right is a fundamental key to creating organizational effectiveness, successful and the way to achieve high performance.

The first formal monitoring systems rating for officers in the US armed services was introduced in the 1920s, Performance management and its research began 60 years ago as a source of income justification and was used to determine an employee's waged base performance. Organizations used performance management to derive behaviours from the employees to get specific outcomes. In real it worked well for certain employees who were solely driven by financial rewards. But one thing is true where employees were driven by learning and development of their skills it failed miserably. The gap between justification of pay and the development of skills and knowledge became a huge problem in the use of performance management. This became the evident in late 1980s: The result which taken after this evident that a more comprehensive approach to manage and reward performance was needed. This approach of managing performance was developed in United Kingdom and the United states much earlier than Australia.

Years ago process of managing people has become more formalized and specialized. Many of the old performance appraisal method have been absorbed into the concept of performance management which aims to be a more comprehensive and more extensive process of management. Some of the developments that have the shaped performance management in recent years are the differentiation of employees or talent management.

The introduction of human resource management is a strategic driver and plays an integrated approach to the management and development of employees. The second factor in the understanding of the process of performance management is something completed by line managers throughout

the years, because it cannot be a once off annual event, coordinated by the personnel department.

But today a number of compelling factors are coalescing into a new reality, to be effective and achievement of organizational better performance, organizations must excel in organizing and managing their employees. Today in the new age of competition, treating employee in better way is not an option; it is necessity (Edward, E. 2003, 3.)

Employee need to be respected and treated as a company most important asset, more essential to an organization's effectiveness than its financial capital. It is very true employees can now be the primary source of an organization's competitive performance (Edward, E. 2003.)

1.8   Management by objectives

The objectives were defined by John Humble, 1972. As: A dynamic system, which seeks to integrate the company's need to clarify, achieves its profit and growth goals with the manager's need to contribute and develop him. It is a demanding and rewarding style of managing a business. Reviewing critically, and restating the company's strategic and tactical plans.

Clarifying with each employee the key results and performance standards he must achieve, gaining his contribution and commitment to these, individually and as team member which can enhance organizational performance and work progress.

Agreeing with each manager a job improvement plan which makes a measurable and realistic contribution to the unit and company plans for better performance.

Providing conditions in which it is possible to achieve the key results and improvement plan of organizational performance within employee's interest.

Using systemic employee's performance review to measure and discuss progress towards results on regular basis.

Developing training plans to build on strengths, to help managers, employees to overcome their weaknesses and to get them to accept responsibility for self development.

Strengthening the motivation of employees by effective selection, salary and succession plans, it helps to achieve organizational goals.

1.9 Performance appraisal

Performance appraisal is the ongoing process of evaluating the employee performance. Performance appraisals are reviews of employee performance over time, so appraisal is just one piece of performance management.

Performance appraisal is regularly record an assessment of an employee's performance, potential and development needs. The appraisal is an opportunity to take an overall view of work content, loads and volumes, to look back at what has been achieved during the reporting period and agree objectives for the next.

Many organizations and personnel specialists believed that formal appraisals were desirable, appraisals can help to improve employee's job performance by identifying strengths and weaknesses and determining how their strengths may be best utilized within the organization and weaknesses overcome.

2   THE THEORY ON EMPLOYEE PERFORMANCE MANAGEMENT

It's proved by decades of research and theory have established and excellent foundation of knowledge which covers employee performance and organizational effectiveness.

There is cleared by experimentation and innovation that some organizations engaged in during the past have produced a number of best practices that can be applied to enhance organizational performance and employee individual well being in many other organizations.

An effective employee performance management system aligns individual performance with the organization's mission, vision and objectives (American compensation association, 1996.)

Performance management is a process for establishing shared understanding about what is to be achieved and an approach to managing and developing people in way which increases the probability that it will be achieved in the short and longer term (Armstrong. M, 1994.)

Employee performance management is an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding.

Performance management process and tools are essential for employee motivation for high performance. The most important issue with any performance management system is how seriously it is taken and used by managers and employees (Pulakos 2009, 103.)

Employee motivation and treatment is very important for high performance.

2.1   Employee treatment

This is a new era of the relationship between organizations and their employees. The world of work is sharply changing the century old understandings between employers and employees.

2.1.1   Present treatment criteria

Now a day's what is important employees need to be respected and treated as precious asset of an organization. It is very clear employees can be the

primary source of an organization's competitive advantage in most businesses.

Today is completely different and the reality is: to be effective, organizations must excel in organizing and managing their employee because today employer knows the value of good employee.

2.1.2 Past treatment criteria

It was not so important in past decades, importance of how employees are treated have largely fallen on deaf ears in the executives offices and boardrooms of most organizations.

Focus on the personal characteristics of an employee; it could be loyalty, creativity and communication skills of an employee. These are concerned with specific behaviours that lead to job success. The focus is on what person is and not on what he or she does or accomplish on the job.

2.2 Employee performance management objectives

This is twenty-first century and business world today is vastly different from what it was in past decades. There is no doubt that the world is changing more rapidly and has become more demanding and competitive than ever before.
The employee performance management systems are a key element in the use and development of an organization's most vital resource, its employee. Performance management systems are used for a wide range of administrative purposes, such as making decisions about pay and promotion.

2.3 Employee objectives

Employees have found that they simply don't have the skills needed to compete in the market place, having no their personal competitive advantage and their value as human capital. Today's employees are finding that although they still have jobs, they are falling behind the business, scientific and technical skills that organizations have.

2.4 Progress objectives

These objectives surround employee skills and motivation for future performance. Employee performance feedback is an initial developmental need because all employees want to know how their seniors feel about their performance and how they are effective.

Managing by objectives is a systematic series in which managers and subordinate sit down at the beginning of every performance period and agrees

upon individual job goals that subsequently serve as a basis for personal performance assessment.

The employee performance management process to the management of the individuals begins with the assignment of individuals objectives, through to the final formal assessment process.

2.4.1 Employee management benefits

There could be a chance that employee performance management cannot solve every problem, it has the potential to address many common management concerns. If it is properly used with invested time on it and cooperative relationship, employee performance management can reduce the need to be involved in everything that goes on.

Employee performance management can save time by helping employees make decisions on their own by ensuring they have the necessary knowledge and power of decision to make decisions properly.

Employee performance management can reduce time consuming misunderstanding among staff about who is responsible for what.

Employee performance management can identify individual training and development needs. It builds closer working relationship based on mutual trust and respect. It also provides better feedback to individuals about their performance and progress based on mutual understanding of needs.

Employee performance management is an investment up front so that managers can just let employees do their jobs. They will know what they are expected to do, what decisions they can make on their own and how well they have to do their jobs.

2.4.2 Employee benefits

Employee management provide scheduled forums for discussion of work progress, so employees receive the feedback they need to help assess their accomplishment and to know where they stand. That regular communication ensures there are no surprises at the end of the year. Performance helps employees understand what they should be doing and why, it gives them degree of empowerment ability to make day to day decisions.

It helps in figure out how to improve employee performance even there are no current performance problems. It provides an opportunity to help employees develop new skills.

Employees benefit from better understanding their jobs and their responsibilities. If they know their limits they can act more freely within those parameters.

2.4.3 Employee performance and Organizational benefits

It is a big important factor when employees in the organization understand how their work contributes to the success of the company, morale and productivity usually improve. It provides them higher motivation and self esteem, how they are important for organization and how they are playing important role in organizational goals success. A company can have all of its parts aimed at the same bulls' eye. Employee's performance management is the key to making these links clear to everyone. These links between employee and organization provide very clear competitive edge on other organizations. Employees always make organization more and more effective with their high performance.

3 EMPLOYEE AND ORGANIZATIONAL COMMITMENT RELATIONSHIP

It is very clear and there is no doubt about it that employees enjoy and keen to learning. It is an important touch between employees and organizational commitment relationship. The value of continuous ongoing training and development in creating a virtuous spiral.

Learning process provide satisfying and rewarding experience. There are most of employees enjoy opportunities to develop, learn and try to gain new things to enhance their performance. The process of learning boosts and shines the careers. It allows to employees to develop new skills and new knowledge that raise their ability to perform.

3.1 Employee commitment to the organization

Employee commitment is the level of connection between employee and organization. Employee commitment allows an organization to gain and grow in competitiveness and is thus a key variable determining the employee performance. Committed employees contribute added value to the organization because they are more determined, more supportive and give more energy and attention to quality.

3.1.1 What determines commitment of employee

There are various factors that can positively are negatively influence the employees commitment. Employers find it difficult to feel they fit in it with the organization if they don't know what it stands for, so that they have no clear idea how they contribute to the organization as a whole. Several employees' surveys will show whether employees are committed or not and whether these employees are intending to leave. Are uncommitted employees are looking for other job s around, if so that is a good news but on other hand if committed employees are looking for other jobs than organization have to do something about it. Because these are the employees it needs to be retained. It is very important for an organization to provide clarity as to its identity and vision and make it clear what the employees are contributing.

3.2 Employee engagement to the organization

Engagement is to mean the commitment employees feel towards their work and organization. It is the amount of passion that employees have for their work. This is a fact that engaged employees go the extra miles to contribute to the organization's success. They always try to do extra effort, learn more and more they always try to learn very fast and are keen to think proactively what can be done better.

One more thing engaged employees are always often step ahead on other people in this respect. They can see for themselves what can be done better and they take the initiative to make changes. These kinds of employees always have an enormous influence on the organization's performance.

3.2.1 What determines engagement of the employee

Engaged employees concentrate on the organization's goals and on the results you expect of them. They always have the feelings that they really contribute the organization's success. For the organizational high performance it is better to have star players, and that makes it important to work on the factors that influence engagement.

3.2.2 Commitment, motivation and engagement

There are many connections between commitment, motivation and engagement. Engagement comes about through a combination of commitment and motivation. That means the employee feels at home with organization, support its objectives and also have motivation due to a positive working environment, opportunities for growth and the ability to enhance organizational performance. These employees show actual engagement to the organization.

3.3 Employee loyalty to the organization

The most important aspect of loyalty is reciprocity. Loyal employees are always true to the organization because loyal employees feel that the organization has their best interests at heart. So according to this loyal theory they work well with organization and will not go for search another job.

3.3.1 Employee loyalty at work for organization's performance

Loyal employees always are true to the organization because they think organization has their best interest. They want to stay with the organization because they feel comfortable and they want to serve for organizational performance and do their best to enhance it. They always express good organizational image to the world. Loyal employees are keen to continue their best effort to achieve organizational goals and objectives. These qualities make them loyal employees which help to achieve higher level of organizational performance.

3.4 Employee motivation

The key to create a high performance organization that generates a large pool of rewards, so that both employees and organizations can achieve a high level of return. My belief is that a well designed reward system can create a large way of motivation for employees (Edward E.L2003, 178).

Motivation is seen as the will that people have to do something. Motivation relates to the question why people do or don't take the trouble and question is extraordinarily difficult to answer, because it can be vary from person to person. Motivation for an employee at work is any case connected with basic human requirements.

Wanting to have significance the feeling that you are needed and that you are making a contribution. It could be job security and having a Varity at one's work. It could be involvement with the organization and contact with other people.

3.4.1 What determines motivation

A good reward system contributes to employee's satisfaction and their willingness and desire to learn and improve their skills. It helps to increase employee satisfaction and motivation (Edward E.L2003, p180).
People are motivated innately and by the context. It is not employer's job to motivate employees to go to work. These days you can assume that employees have made a reasoned decision to take a certain job. Basic motivation is therefore already there. As an employer and as a leader it your jobs to make sure employees don't become de motivated.

That is because motivation is a dynamic process. The factors that drive people develop with them. If an organization fails to keep this in mind and does not satisfy changing requirements, they will just lose employees motivation and their commitment. This has a very bad effect on employee performance. It maybe those employees need more role clarity or feedback to enable them to grow.

3.4.2 Managing employee motivation

Motivated capability is the quality that organizations most need from employee. This means that organizations must offer employees sufficient incentives to attend work and do a good job. Like the employer, the employee is motivated to enter an employment relationship when:

The benefits of doing so (such as wages and social standing) out weight the costs (such as increased stress, intrinsic enjoyment and travelling costs)

If organizations are going to treat employee right way, than organization need to know what motivates them and what determines how well they can perform. The fact is, employee influence all the important aspects of organizational performance in one way or another. Employee conceives and implements the strategy. it is true that an organization's capabilities are contained in the mix of its people and its systems. Competencies are primarily a function of the skills and knowledge of an organization's human capital. A major feature of the environment is its ability to supply qualified high performers who can implement strategy.

In simple way we can say that organizations can accomplish little without capable people. To be successful, they must commit themselves to attracting, retaining and motivating the best and brightest.

3.4.3 Intrinsic and extrinsic motivation

Employees can be motivated for two reasons: because they are stimulated with themselves or they are stimulated by an external factors. Intrinsic motivation means employees are stimulated from within. They just attach values to what they are doing because they feel satisfaction. Extrinsic motivation describe, employees want to make an effort in some direction because they are stimulated from the outside and it could be money or status.

3.5 Employee performance

Employees are your most valuable asset in organizational excellence, in growth and the image you have. For high level organizational performance you need to have the right decision makers on the board at first place because they play a very important role to put right employee at the right position which effect at organizational performance.

What makes some employees capable of performing at high levels while others do not? There are lot of conflicting theories that attempt to explain why employees make certain choices concerning their work, why they seek particular rewards, why they are satisfied or dissatisfied with their job and rewards. There are also some commonly accepted truths.

3.5.1 The causes of performance

It is a fundamental truth that performance depends on two factors. Employees need both motivation and ability. Highly motivated will not achieve results if they do not have proper skills, expertise, knowledge and the personality the organization needs and on other hand it is also same, employees with high skills and knowledge they cannot achieve organizational goal if they are unmotivated. It means organization produce great results of performance if employees are motivated and able to do their tasks.

3.5.2 Good employee ship

When employees are enough motivated and willing to go the extra mile for organizational goals, you have important ingredients to boost your performance and have will to achieve organizational goals.

3.6   Employee satisfaction with organization

Satisfaction is the foundation for every employee in every organization. Satisfaction is a general feeling of well being, of contentment of certain matters. The feeling of contentment affects the employee in many respects: it affects whether he goes for work happily, whether he can work well with co workers, whether he is committed to the organization and whether he is enough motivated to do his/her job. As soon as a feeling of dissatisfaction about something creeps in it negatively affect the employee's motivation and commitment. In this situation he loses his or her level of performance and it affect on organization productivity. It is very true that dissatisfaction of employee about something can be negatively affect the employee motivation and commitment.

So its mean that employee satisfaction with organization is very important and meaningful for organizational success and high performance achievement all the time. Satisfy employees perform their best skills and help to enhance organizational performance which helps to achieve organizational goal.

3.6.1   Good dissatisfaction

It is not always wrong to be dissatisfied because some time employee small dissatisfaction about something can be the driving force behind the major improvements. It is very true that if employees are committed and highly motivated, and they see something can be done better, they will always help to make it better which is very important for any organization and have very positive affect.

Satisfaction is influenced by the extent to which the work and working environment meet the needs and expectations of the employees. An employee is satisfied and plays his or her best role in organization success when the work and working environment are what he wants and appreciate.

4   INTERVIEW

This part was not as easy as I was expecting. I sent several emails to different organization's Human resource departments for my thesis questionnaire and I requested for a meeting with HR person. Almost after few days I got a reply from WÄRSILÄ and they arranged a meeting time for me with HR secretary named Ms.Sara Eder and they sent me her email for further communications. I sent her an email for a time reservation and she asked me to send my questionnaire in detail to her first and then she will be able to give me an appointment.

I sent her my questionnaire in detail and after four days she replies me and sent me the meeting time and place location. I went there almost fifteen minutes before the time she gave me and she was so happy that I am on time.

After a short introduction of myself and my thesis I started my interview with her according to my questionnaire which I sent her. She gave me very useful and briefly answers of my questions and she also promises me to send it by email to me in brief. So I got this very useful information according to my questionnaire after one day of my interview, which I am going to explain word by word in my interview chapter.

ACCORDING TO SARA EDER (INTERVIEW 10.06.2012.)

How the performance management of employee's is done in WÄRTSILÄ?

WÄRTSILÄ employee Performance Management tools and guidelines including annual development discussions are written to ensure that people and teams know and understand what is expected of them. Written by these guidelines are constructed so that the line manager as well as the employee are able to have the skills and ability to deliver on their expectations obtain feedback on their performance obtain positive reinforcement on desired behaviours have the opportunity to contribute to individual and team objectives.

How employee performance management is measured in WÄRTSILÄ?

Ongoing communication is the backbone of effective performance management. Often people think development discussions and employee performance management are the same; an annual meeting where the manager evaluates performance and in the worst case punishes employees who doesn't perform according to plan. But employee's performance management is much more than that.

Employee Performance Management is a strategy which relates to every activity of the organization set in the context of its human resource poli-

cies, culture, and style and communications systems. In other words employee and organizational performance management should be:

Strategic

It is about broader issues and longer-term goals which affect the employee performance and organizational performance. It should be always very clear to employees according to organizational strategies.

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Managing behaviour

Ensuring that individuals are encouraged to behave in a way that allows and fosters better working relationships and reinforces desired behaviours. Performance management is about establishing a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, behaviour and contributions. It is about sharing expectations.

Managers can clarify what they expect individual and teams to do; likewise individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It follows that performance management is about interrelationships and about improving the quality of relationships - between managers and individuals, between managers and teams, between members of teams and so on, and is therefore a joint process.

It is also about planning - defining expectations expressed as objectives/targets and in business plans - and about measurement; the old dictum is 'If you can't measure it, you can't manage it'. It should apply to all employees, not just managers, and to teams as much as individuals. It is a continuous process, not a one-off event. Last but not least, it is holistic and should pervade every aspect of running an organization. Because performance management is all-pervasive, it needs structures to support it. These should provide a framework to help people operate, and to help them to help others to operate.

But it should not be a rigid system; there needs to be a reasonable degree of flexibility to allow people freedom to operate. Performance management is a process, not an event. It operates as a continuous cycle.

What sort of performance management objectives are implemented inside WÄRTSILÄ?

WÄRTSILÄ Corporate strategic objectives provide the starting point for divisional and departmental objectives, followed by agreement on performance and development, leading to the drawing up of plans between individuals and managers, with continuous monitoring and feedback supported by formal reviews.

Having said that performance management is so much more than the annual development discussion itself, one should not underestimate the importance of the annual discussion either if it is well prepared and constructive, keeping in mind the target of the discussion. If performance management is handled well, there should be no surprises during the development discussion.

Many organizations without performance management systems operate 'appraisal' in which an individual's manager regularly records performance (usually annually), potential and development needs in a top-down process. It is argued that the perceived defects of appraisal systems (that line managers regarded them as irrelevant, involving form-filling to keep the human resources department happy, and not as a normal process of management) led to the development of more rounded concepts of performance management.

Nevertheless, organizations with performance management systems need to provide those involved with the opportunity to reflect on past performance as a basis for making development and improvement plans, and in WÄRTSILÄ the Development Discussion provides this chance. The meeting must be constructive, and various techniques can be used to conduct the sort of open, free-flowing and honest meeting needed, with the reviewed doing most of the talking. All issues discussed are to be documented in the Development Discussion tool in SAP HR and after the discussion, approved by both line manager and employee.

What are the main objective targets of WÄRTSILÄ for employee performance management?

To set targets practically any target must be checked based on an objective and should be verified against the SMART principle, which is an acronym for Specific, Measurable, Achievable, Realistic and Time-framed.

Specific - This means a target should correctly pinpoint a desired target and not be too generic.

Measurable - There are many ways to measure targets, but without verifying and agreeing the measurement method in advance, an organization risks not to find a measurement method further on. In many cases targets should be further split in measurable sub targets in order to make the overall target measurable by its components

Achievable (and Agreed to…) - Targets should be difficult, but achievable, they should motivate performance. Stretch targets should only exist in very limited quantities when real breakthroughs are intended. In general no more than 3 target areas should exist – attempting to achieve too many different targets at once will impede success. Apart from stretch targets it is essential that all targets are well agreed when starting to work on these.

Realistic - In general it is better to set incremental achievable targets over time instead of a desired end target that is not perceived realistic. It must also be clear that all actions needed to get to the target can be executed in the targeted time-frame. It must be prevented to set achievable targets as such without knowing if all actions needed to reach this target are realistic.

Time-framed - Any target should be related to time. When setting final targets in time these should be broken down to intermediate targets. This way it enables people to see a trend. People are thus enabled to conclude in an early stage if they are on the right track after which corrective initiatives can be raised where needed.

What is the competence assessment of WÄRTSILÄ?

WÄRTSILÄ uses competences as components of performance management. Competences describe what people need to be able to do to perform a job. Competencies (more helpfully, 'behavioural competencies') are defined as the dimensions of behaviour that lie behind competent performance. To perform well it is necessary both to be able to do a job at a technically competent level and to have behaviours that reinforce those technical skills.
Competence Assessment is the technique used in Wärtsilä for measuring competences and once an analysis has been made, it provides a tool for measuring performance and, of course, for providing development activities to help people meet the required standards.

What sort of personnel development plans is available by WÄRTSILÄ?

Employee development is the main route followed by Wärtsilä to improved organizational performance, which in turn requires an understanding of the processes and techniques of organizational, team and individual learning. Development Discussions can be regarded as learning events, in which individuals can be encouraged to think about how and in which ways they want to develop. This can lead to the drawing up of a personal development plan, setting out the actions they propose to take (with the help of others, not least their managers) to develop themselves.
Increasing emphasis on talent management also means that Wärtsilä is redefining performance management to align it to the need to identify, nurture and retain talent. Development programmes are reflecting the needs of succession plans and seeking to foster leadership skills.

What are the setting performance targets for WÄRTSILÄ?

Objectives/goals describe something to be accomplished by individuals, departments and organizations over a period of time. They can be expressed as targets to be met (such as sales) and tasks to be completed by specified dates. They can be work-related, referring to the results to be attained, or personal, taking the form of developmental objectives for indi-

viduals. Objectives need to be defined and agreed. They will relate to the overall purpose of the job and define performance areas - all the aspects of the job that contribute to achieving its overall purpose.

What are the values measured in practice by WÄRTSILÄ?

An effective employee performance management system provides behavioural standards that describe what is expected of employees in key behavioural areas. During the development discussion planning process, managers should review and discuss these behavioural standards with employees. It is important for managers to make sure employees understand how the behavioural standards relate to their specific jobs. Wärtsilä values – as shown below (Fig 1) – play a key role in measuring employees' behaviour. The guidelines on how to measure these values also is available for everyone to go through in the company intranet and it is well known that those values are not just nice words but important models and guides for every employee.

Energy - Achieving results, making change happen, decisiveness and action orientations.

Excellence - Planning and target setting, developing selfless and others selves.
Excitement – Communication, situational and cultural sensitivity, business and customer focus.

Figure 1Mechanism for measuring Wärtsila Values

What kind of active feedback and positive reinforcement is implemented by WÄRTSILÄ?

Apart from review meeting(s) where longer term objectives are discussed it is essential to provide continuous feedback. Constructive feedback tries to reinforce the positive and change the negative by identifying what has been done well or poorly, describing what action or behaviour is desired and explaining the effects of the observed and desired acts of behaviour. Good feedback is timely and it should pinpoint specifics. Feedback long delayed is rarely effective. Feedback involves both parties listening carefully. An important aspect of performance management is the usage of positive reinforcement together with the continuous feedback.

What are the overall performance evaluations for WÄRTSILÄ?

The Overall Performance Evaluation guidelines, including harmonized/common Wärtsilä Guidelines on Overall Performance Evaluation elements and criteria bring fairness, objectivity, structure and transparency on how individual performance is evaluated in Wärtsilä. Performance is being evaluated against the specific, agreed-upon targets set for the employee for the review period and the documented ones in the Development Discussion tool.

The Overall Performance Evaluation is not based on mathematical formula of all of the ratings but there should be strong consistency between the individual elements and the Overall Performance Evaluation Overall Performance Evaluation indicates which level (1-5) most appropriately describes the overall performance level of an employee during an evaluation period, taking in consideration the following three elements:
Individual Job Performance (performance of the individual in their whole job role)
Individual Performance against the targets set for the review period (what needed to be achieved)
Behaviours (how the expectations have been met)
One sort of standard common Evaluation scale is used in each element, and in the Overall Performance Evaluation.

Implications of Overall Performance Evaluations will be on individual development plan, development targets for the following review period, individual career planning and serving as an input for salary and other reward decisions.

Performance management is a positive process, and good systems will create a culture in which success is applauded. Nevertheless, poor performance will exist. It may be a result of inadequate leadership, bad management or defective systems of work, and if so, remedies (often involving learning and development) can be put in place. But individuals may underperform and improvements can be achieved through continuing feedback and joint discussion between them and their managers, involving analyzing and identifying the problem, establishing the reasons for the shortfall,

and deciding and agreeing the action to be taken. If all this fails, disciplinary action may need to be taken.

What process is used by WÄRTSILÄ for the measurement of evaluation of performance management?

There is only ONE-Process used in the whole WÄRTSILA for the more than 17,000 employee's.

In Americas
The whole WÄRTSILÄ employee Performance Management guideline has been implemented and distributed throughout the corporation to more than 70 different countries in all continents involving all more than 17 000 employees, blue collars included. SARA EDER provided me some reviews of WÄRTSILÄ employee's with diverse backgrounds which she collected during her work placement at WÄRTSILÄ. Therefore, I perceived some in depth knowledge on how the process actually has been received globally (Eder, interview 10.6.2012.)

4.1   Ricardo Cambraia

Ricardo Cambraia has been working as an HR professional in North and South America for more than two decades and is currently the Area HR Director Americas in Wärtsilä. He feels the Wärtsilä performance management process applies for both Americas with no issues. He states that the whole Americas have used the principles and guidelines for minimum of 25 years based on other multinational companies which also ended up being adopted by local companies. He mentioned that the companies have sent their executives abroad to study a different technique which has contributed to this process development as well. As Cambraia put it, *the Latin's love to use whatever comes from abroad.*

When asked about difficulties in understanding some performance management related concepts, Cambraia says that in the beginning, it was a challenge to get especially Latin American managers to understand the difference between yearly targets and daily tasks. He also highlights that apart from some conceptual difficulties, he has never seen any difference between different countries on the way targets have been set for a similar position or even how to perform development discussion. However, when joining WÄRTSILÄ, he was caught by surprise that all employees are included in the performance management process, even the blue collars.

According to Cambraia, the one major difference that separates North and South America as far as performance management process is concerned, is the importance of hierarchy. He says there is always the "ghost" of being powerful and omnipotent, especially in Mexico and Colombia.

4.2   HarriAlatalo

HarriAlatalo has been working in several different locations within WÄRTSILÄ, including India and China. He compared the process in those cultural environments to the one in Finland, as he has experience in all of them. Generally, according to Alatalo, the HR practices and processes were very much more developed in India than in China. He also mentioned, that when there was a new Vice President for HR China appointed, there was a clear positive change in attitude towards HR. Also the processes started to develop also in the root level and not only in paper.

As stated in this paper earlier, there is a tool for development discussions in the SAP HR system in WÄRTSILÄ. The tool has been up and running for almost five years now but it was new when Alatalo was setting up a global competence centre (corporate helpdesk services) in India. It was also quite new when he started in China and stated that the reception of the whole online tool concept was very delighted. In practice, the helpdesk employees in India were very punctual when filling out all questions etc. and in other business functions the practice varied.

The Chinese attitude towards the whole development discussion was low priority. In China, it was seen as something "that the HR wants us to do" and was not really taken seriously. Although, he states that the attitude had changed rapidly due to line managers' emphasis on duly going through the development discussions and with thought.

As HarriAlatalo mentions, the power distance in China is extremely high which, according to Geert Hofstede's (2012) definition is *the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally.* In China's case, the people feel and believe that the power is and should be distributed unequally and there is from a little to none resistance against it. Also, the uncertainty avoidance is low which means that the hierarchy structure is very rigid and the relationships between line managers and employees are mostly one way.

As Hofstede (ibid.) puts it *the uncertainty avoidance dimension expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity.* Alatalo also mentions that the distinctive factor that separates Chinese and Indian working culture is the long-term versus short-term orientation. Again, Hofstede (ibid.) defines short-term oriented cultures that they *generally have a strong concern with establishing the absolute Truth. They are normative in their thinking. They exhibit great respect for traditions, a relatively small propensity to save for the future, and a focus on achieving quick results.*

In his scale, China scores 118 meaning that there is a strong long-term orientation to be found. Hofstede traces this back to Confucian society and its principles. In his interview, HarriAlatalo strongly disagreed with Hofstede when it came to day-to-day working environment. In his experience, the Chinese were very short-term oriented and the one year attention span included in the performance management process was very hard for Chinese

employees to comprehend. In their opinion, there should have been instant reward for a job well done instead of waiting for a spot bonus or merit increase once a year.

In my opinion, there are two different culture systems existing, side by side, in China. The first one follows old Confucian principles and even communist ones where everything is done for a greater good, i.e. the nation's best in mind. The second culture is a more individualistic, modern and adopted from Western culture, where people compete with each other in every aspects of life. In a way, Chinese are very loyal to the company in general but with strong competition with co-workers and also the companies compete with each other.

These factors combined, following the defined Wärtsilä process results to unclear communication as we see it from a Finnish point of view. For example, when the employee is encouraged to give feedback to the manager in Finland, we most probably will say a few things that we have appreciated during the review period and drop in a couple of constructive ideas on how to improve (if we have any).

Having asked the same thing from Chinese employees, Alatalo received nothing. He did certainly receive not any negative feedback, but also not even any positive feedback. In China, giving honest feedback might result in a person to lose his/her face and it is considered highly important to avoid anyone to lose it - especially a person higher in the hierarchy (even if the person would not earn it, according to Alatalo).

Alatalo mentioned that in case someone would've wanted to punish an employee (theoretically, not in practice), the worst thing you could have done would have been giving negative feedback in front of others. Naturally, the same applies to Finland and Western countries as well in the sense of being the worst way of giving feedback, but when in China you actually lose your face, in Finland it will probably be the manager getting a bad reputation for awfully poor managerial skills too.

As a line manager in China, Alatalo had some trouble finding out the ways to receive feedback and get actual and personal opinions from the employees. He implemented his own system of unofficial walks and talks, taking one employee at a time for a walk. First few times the employees were utterly shocked about the fact that their manager (and even a Western one) took them out on a walk, just the two of them.

At first, they of course imagined that something bad had happened but once they got used to "the Westerner's strange walks", he started to gain their trust on a more personal level. In the end, Alatalo said, it was the best thing for him to do in order to get any real opinions or suggestions out of anyone. Depending on the person, he sometimes had a translator with him so that the employee could explain his or her ideas and worries in their own language.

As a most difficult part of the whole performance management process to implement in China, he mentions the competence assessment. When doing self-assessment, the employee should evaluate him-/herself according to their job performance and existing abilities. This is also conducted through a competence assessment tool in SAP HR when the person needs to give him-/her grade from 1 to 5 in each of the competence areas. They can also fill in some free text, if they want to clarify.

Working in Chinese culture, HarriAlatalo noticed, that the whole self-assessment through the tool is a very masculine and a serious process including documentation and approvals. Having identified the Chinese culture more feminine than the Finnish one - again disagreeing with Hofstede (ibid.) – he noticed that the self-evaluation was a lot harder for them than for Finnish. It seemed to him as if the official element of documentation kind of scared them off from stating anything. In my opinion, this might also have something to do with the power of officials in China in general – if something is on paper, you can be held responsible for it later on.

4.3   Interview conclusion

In this Interview, the main target was to clarify the employee performance management process in Wärtsilä including its history until this day. I have also tried to describe the current process in Wärtsilä Corporation as well as investigate the implementation of one process for such a diverse set of employees. The diversity in Wärtsilä is not only geographical; the population consists of different races, cultures, values, ages, genders, socio-economic statuses, educational backgrounds etc.

I tried to collect the employee and Wärtsilä commitment relationship according to organizational performance. How employee play their role in organization and how Wärtsilä treat employees to enhance their performance, Wärtsilä treat employees equally all over the world to achieve their organizational goals.

5   KEY RESEARCH CONCLUSIONS

This chapter examines and analysis the practice of strategic approach to managing employee performance in organization.

The main focus is on the well being and understanding of the performance management system by the employees. The ways to improve employee's performance.

5.1   Employee management skills

Performance management is about managing the organization; it is a natural process of management. It is not a system or technique Performance management concerns everyone in the business-not just line managers. This is a skill which combines the whole structure of an organization, Managers and employees are jointly accountable for results and are jointly involved in agreeing what they need to do it, both in monitoring performance and in taking action.

Performance of any organization is affected by personal factors- the individual's skill, competence, motivation and commitment.

Management should be treated as part of the normal process and its process should fit the way work is done.

5.2   Meaning and empowerment

The notions of meaning and empowerment have major implications of work place satisfaction. it should be obvious that when people are invested with the sense of meaning in their work, they perform at higher levels, maintain greater interest and feel more committed. Unfortunately many workplaces are dull and the nature of work repetitive even in corporate environment.

Many people turn up to work each day, knowing that they are just another cog in the corporate machine, the message here is "you are replaceable and you have no value to our organization". Couple with this over controlling supervisor a bureaucratic company structure, little or no positive feedback, no ability to enact change and a lack of autonomy and it is not really surprising that most people hate their jobs. So, by allowing staff some decision-making abilities giving them positive feedback about the value of their contributions and listing to what they have to say and then acting on it can dramatically enhance an employee individual sense of value.

We do not shed too many tears if the burglar only takes replaceable commodity goods. What hurts is when something goes that has unique personal value, an item treasured perhaps because of association with special people.

Employee empowerment is defined as "a state within which an employee connects and identifies with the personal job and organizational dimensions of his or her work resulting in retention and improved performance.

5.3   Enhancing employee performance

A well functioning organization is the product of its healthy, committed and motivated employees. Nevertheless when your employees are not well adjusted they will reduce the operational ability of your company or organization. In the psychological literature, when people have a strong perception of control over their immediate environment they are psychologically healthier and perform better. Conversely when there is little perceived control people become stressed, anxious and unable to make effective decisions. These findings extend to the work place so if your employees feel that they have some say in what they do and what happens to them, they will be better able to their jobs.

Some of the things that can be done to improve perceived control include: modification of the physical environment so that it better suits the individual; Relaxation of strict working hours, such as allowing employees to determine when they are the most productive and modify their working hours around these times; allowing employees to have more say in their job roles, and making these roles more flexible so that people can extend their skills and learn new ones; encouraging employees to develop and manage their own goals, including project acquisition, completion time frames, allocation of resources, collaboration and outcomes, and allowing workers to have more say in the type and frequency of work incentives not everyone is motivated by money and rewards are most successful when they are contingent on high performance.

As an employer, leader and line manager it is your responsibility to make sure that your management team has your support as well as the tools and wherewithal to deliver these products if they are unable, unwilling or simply do not know how to make these changes then they won't happen and your employees will remain stressed and unproductive. This brings up a related point, is your managers capable and is they actually able to manage? More importantly are they leaders or simply administrator? What level of abilities they have? One important thing, which is pretty easy to forget, that managers are also employees and therefore they share many of the same needs, ambitions and problems.

Another important variable to consider is whether your employees are able to perceive any meaning in their work that is, do they have a sense of purpose? One very simple message when employees work hard and do their best and if you as a line manager or as a leader do not give, you do not get and if your employees do not feel that you care about them, they won't care about you or your business and its future. (Adams 2007.)

The relationship between the psychological contract and perceived control in the work place has been well illustrated (Liao-Torth, 2001). According to Liao-Torth on the one hand the psychological contract is from the em-

ployers' perspective, transactional in which hard work is rewarded by higher pay and advancement and relational in which job security is dependent on employee loyalty and tenure.

5.4   Providing feedback

One element of employee performance management that often creates controversy with respect to cultural context is feedback, given different ways of confronting conflict in different cultures while the discomfort that surrounds critical feedback is more or less universal, leading to many of the problems with appraisal, it may be particularly acute in certain culture

5.4.1   Feedback system in Multinational Companies

Over the past twenty years, many firms around the world have developed feedback systems to provide managers with direct input on their strength and weaknesses as leaders. As the pace of changes has continued to accelerate, these tools have helped to formalize and speed the natural, informal feedback processes of the past. Many different approaches have developed, but they all share one thing in common-individuals' own assessments of their behavioural skills are contrast with the assessments of their bosses, their peers, and their direct reports.

These assessments help managers to see the difference between the perception they have of them and those have of them. The results are used to help create appropriate development plans.

360 leadership assessments can be used for both development and evaluation. While there may be some overlap in these two aims, there are some important differences. Organizations that use 360 degree feedback for evaluation and appraisal often encounter problems in getting honest feedback. Participant will tend to select respondents whom they think will provide positive feedback if they think that it will be used to evaluate them.

Managers whose bonuses depend on their 360 degree results will tend to think about their bonuses first and their development later. For these reasons, many companies try to introduce such approaches by using the results for development purposes, trying to keep 360 degree feedback separate from the performance appraisal process.

Attitudes toward the process of giving and receiving feedback can vary across nations. In general, countries with high power distance and a dislike of conflict will be the most resistance to 360 degree feedback. But there are also many differences that occur at the firm level rather than the national level. Individual firms have their own values about power distance and managing conflict and may resist attempts at feedback. When a leadership 360 degree system introduced into any organization for the first

time it is very normal to have scepticism until the system becomes accepted and individuals become more comfortable with giving and receiving feedback.

5.5   The different practices according to job category

How performance goals are set, who sets them, and what types of goals are set. How performance is evaluated and who is responsible for conducting the evaluation. What kinds of training and development opportunities are available to the expatriates? How close the linkage is between performance and the expatriates pay? Performance goals and incentives for Employee according to his/her job in business development and customer project are very important and then he concentrates on his or her job. When an employee has specific job and tasks, feedback matters a lot and guides him or her right direction all the time.

What employees want? They need a fair and transparent feedback, from their line managers. Motivational feedback creates energy. He or She wants constant system in their job not change all the time and then he or she performed very well. Should not be another bland system differentiate.

Hiring good people is tough, but keeping them can be even tougher. Indeed, most executives can tell a story about talented professionals who joined their company to great fanfare, added enormous value for a couple of years, and then departed unexpectedly. Usually such exits are written off. "She got an offer she couldn't refuse," you hear no one stays with one company for very long time these days.

There is research over the past 12 years strongly suggests that quite another dynamic is frequently at work. Many talented professionals leave their organizations because senior managers don't understand the psychology of work satisfaction; they assume that people who excel at their work are necessarily happy in their jobs. This sounds quite logical enough. But the fact is, strong skills don't always reflect or lead to job satisfaction. Many professionals particularly the leagues of 20 and 30 something's streaming out of today's MBA programs are so well educated and achievement oriented that they could succeed in virtually any job. But will they stay?

The answer is, only if the job matches their deeply embedded life interests. These interests are not hobbies, skiing and so forth nor are they topical enthusiasms, such as Chinese history, the stock market. Deeply embedded life interests do not determine what people are good at they drive what kinds of activities make them happy. At work that happiness often translates into commitment. It keeps people engaged, and it keeps them from quitting.

After whole research what I realized this time, Job sculpting is the art of matching employee to jobs that allow their deeply embedded life interest to be expressed. It is the art of forging a customized career path in order to increase the chance of retaining talented people. What I think in this case makes no mistake -job sculpting is challenging and it requires managers to play both detective and psychologist. According to this way we can find better and suitable talent for every position in an organization which could help to increase employee and organization performance very fast.

5.6   Reward system

One of the dimensions of an effective employee performance management system is to reward performance by linking employees pay to performance.
It motivates people to perform better or to develop their skills and competences.

It delivers the message that performance is very important to get something, to achieve something special. It is very important to reward people different according to their performance and willingness and how they contribute.

Two decades ago Armstrong said that "It is undesirable to have a direct link between the performance review and the reward review. The former must aim primarily at improving performance and possibly assessing potential" (Armstrong, 2007.)

To obtain desired levels of performance, organizations must establish a relationship between demonstrated employee behaviour and employee provided rewards that have a high degree of both consistency and certainty.

6   CONCLUSION

Employee pperformance management is very simple in some ways and in other ways very complex. It consists of lots of parts and it requires some skills. But if it is approached with proper mindset it can work and pay great benefits.

Performance management is a vital part of the process of managing human resources with the aim of achieving employee and organizational goals.

The job description that occasionally accompanies the review bears little resemblance with the work being performed. The fast changing demands of the marketplace. Companies must adapt quickly if they wish to remain in business. The managers who do not adjust the performance expectations of their subordinates accordingly run a very high risk of reducing the value of an evaluation as well as the value added contributions of the employees.

Evolutions are based upon a set of arbitrary activities from a format developed by Human resource department of company- that have little direct impact on the material success of the department or the organization. Far too many job discretions record activities instead of outcomes that are valuable to organizational success.

The ingredients essential for building a successful organization, Human resources are generally regarded as the most important factor in an organization. It is people who provide experience, talent, skills and knowledge necessary to achieve the organizational goals. The progress of an organization depends on its ability to identify, recruit, select, train and retain the right people.

The right people mean those persons that will satisfy the needs of the organization. The needs of the organization are manifested in its business strategy. Business strategy must therefore have a major influence on the staffing within an organization if it is to develop into a profitable enterprise.

The main finding that came out in my study and research are that the development and implementation of a performance management system takes time and commitment. The main purpose of my paper was to describe and analyze the role of performance management and employee relationship.

Effective communication and culture of trust are vital. The system not having a direct impact on the achievement of results, it has had a great impact on staff, and has certainly highlighted areas that require attention and further improvement.

It is indeed possible to motivate employees to perform well for an organization and that is critical part for managers. It seems that there exists a self reinforcing circular relationship between the performance and motivation of an employee.

An employee achieves a high performance on the base of internal satisfaction. Therefore internal satisfaction arises and the employee is motivated to perform well in the future. It is stated that a high performance can be reached when the organization provide certain job characteristics.

Skill variety, task identity, task significance, continues feedback, employee motivation, these job characteristics together with the ability of the employee provide the opportunity for a high performance.

In finally conclusion from me, employee performance management systems can assist an organization to achieve cooperative results. Motivated employees work harder and it make more productive, happier and more concerned with customer satisfaction and ultimately, more profitable for any organization.

By recognizing and rewarding their achievements, you make staff feel more appreciated and more willing to go that extra mile.

7 RECOMMENDATIONS

This research gives the impact that certain assumptions contained within the organizational culture may have on the implementation of the performance management system.

What role does the leadership play in influencing the organizational culture when implementing a performance management system?

Leaders adopt a personal and active attitude towards goals. The influence a leader exerts in altering moods, it makes images and expectations, and establishing specific desires and objectives determines the direction a business takes. The net result of this influence is to change the way people think about what is desirable, possible and necessary (Zalezink, 1977, 71.)

There is very effective view which is, Leadership entails the creation of vision about a desired future state which seeks to enmesh all members of an organization in its net. As stated earlier by 'Flapper', 'Fortunie' and 'Stoop' (1996.27), Performance management systems ensure that, all noses are pointing in the same direction." If the direction is undecided, the performance management system is rendered useless as it will merely monitor the disjointed daily activities of the employees and not the performance of an organization as a whole.
Therefore it is very clear on front of me; the success of implementing an employee performance management system depends upon there being consensus among the leadership as to the direction of the institution.

What is the right direction for the implementation of performance management system?

An effective performance management process sets the foundation for rewarding excellence:
By linking individual employee work efforts with the organization's mission and objectives, the employee and the organization understand how that job contributes to the organization.
By focusing attention on setting clear performance expectations it could be results, actions and behaviours, it helps the employee know what needs to be done successful on the job.
Through the use of objectives, standards, performance dimensions and other measures, it focuses effort. This help the department get done what needs to be done and provides a solid rational for eliminating work that is no longer useful.
By defining job mystery and career development goals as part of the process, it makes it very clear how the current position supports employee growth and the additional opportunities the employee needs to explore.
Through check in on time, which includes status updates, coaching and feedback, it promotes flexibility, allowing you and employee to identify.
An annual appraisal should simply be a summary of the conversations held between you and the employee during the entire cycle; it shifts the

focus away from the performance as an annual event to performance as an ongoing process.

An effective employee performance management process while requiring time to plan and implement, can save you and the employees time and energy. The most important it can be a very effective motivator, since it can help you and the employees achieve the best possible performance.

7.1   Defining results

Employee performance objectives and standards are two of the most common methods to define expected results. Both objectives and standards are most useful when it being to written down and verifiable,
Specific-objectives and standards should let employees know exactly which actions and results they are expected to accomplish.
Objectives and standards should be measured, whenever possible and have to be based on quantity measures such as direct counts, percentages and ratios.

The objective or standards should be achievable, but challenging and attainable using resources available.
Individual's goals objectives and standards should be in alignment with those of the unit and the department.
Result should be delivered within a time period that meets the department and organization's need.
Objectives and standards identify baselines for measuring performance results. From employee performance objectives and standards, supervisors can provide specific feedback describing the gap between expected and actual performance.

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