

- BSB50215 – DIPLOMA OF BUSINESS
- BSB50618 – DIPLOMA OF HUMAN RESOURCES MANAGEMENT
- BSB51918 – DIPLOMA OF LEADERSHIP AND MANAGEMENT

Study Support materials for

BSBHRM512 - Develop and Manage Performance Management Processes



STUDENT HANDOUT

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1 Develop integrated performance-management processes	1.1 Analyse organisational strategic and operational plans to identify relevant policies and objectives to be addressed in integrated performance-management processes 1.2 Develop objectives for performance-management processes to support organisational strategy and goals and to build organisational capability 1.3 Design methods and processes for line managers to develop key performance indicators for those reporting to them 1.4 Develop organisational timeframes and processes for formal performance-management sessions 1.5 Ensure performance-management processes are flexible enough to cover the range of the organisation's employment situations 1.6 Consult with key stakeholders about the processes and agree on process features 1.7 Gain support for implementation of the performance-management processes
2 Facilitate the implementation of performance-management processes	2.1 Train relevant groups and individuals to monitor performance, identify performance gaps , provide feedback and manage talent 2.2 Work with line managers to ensure that performance is monitored regularly and that intervention occurs as required and complies with organisational policies and legal requirements 2.3 Support line managers to counsel and discipline employees who continually perform below standard 2.4 Articulate dispute resolution processes where necessary, mediating between line managers and employees 2.5 Provide support to terminate employees who fail to respond to interventions according to organisational protocols and legislative requirements 2.6 Ensure recorded outcomes of performance-management sessions are accessible and stored securely, according to organisational policy 2.7 Regularly evaluate and improve all aspects of performance-management processes in keeping with

ELEMENT	PERFORMANCE CRITERIA
	organisational objectives and policies
3 Coordinate individual or group learning and development	<p>3.1 Design and develop learning and development plans and strategies to encourage effective employee performance</p> <p>3.2 Deliver learning and development plans according to agreed timeframes, ensuring achievement of specified outcomes</p> <p>3.3 Contract appropriate providers for performance development, as identified by plans and according to organisational policy</p> <p>3.4 Monitor learning and development activities to ensure compliance with quality assurance standards</p> <p>3.5 Negotiate remedial action with providers, where necessary</p> <p>3.6 Generate reports to advise appropriate managers on progress and success rates of activities</p>

Develop and manage performance management processes

Effective managers bring out the best in people. They see supervising others as an enabling function, one that makes it possible for people to do the best job they can. This is far broader than just setting a goal or counselling people whose performance slips.

It begins with making sure the five critical factors or keys which make good performance possible, are in place. When they aren't, no amount of performance counselling can induce people to meet their job goals.

To help people find ways to do the good job that most of them want to do, you need to make sure they know what to do, they want to do it, they know how to do it, they have a chance to do it, and they are led to do it effectively. These five keys to unlocking peak performance and productivity, encourage and enable people to meet their measures of success, keep up their good work and improve on it.

Who is primarily responsible for putting these five keys in place? You guessed it – the manager. When you manage each of the keys well, you unlock people's willingness and ability to do their best.

1. Are you able to establish rules that employees can follow and set goals that employees want to work to achieve?
2. Can you use the tools of job design, job placement and motivation to encourage people to do a good job?
3. Do you understand the role that skills, experience, a learning environment and confidence play in peak performance?
4. Can you provide the environment that employees need to do their jobs well?
5. Are you the sort of leader for whom people want to do a good job?

Management: Theory and Practice. Kris Cole

Managers and economists traditionally have seen HRM as a necessary expense, rather than as a source of value to their organisations. Economic value is usually associated with capital – cash, equipment, technology and facilities. However, research has demonstrated that HRM practices can be valuable. Decisions such as whom to hire, what to pay, what training to offer and how to evaluate employee performance directly affect employees' motivation and ability to provide goods and services that customer's value. Companies that attempt to increase their competitiveness by investing in new technology and promoting quality throughout the organization also invest in state-of-the-art staffing, training and compensation practices.

The concept of 'human resource management' implies that employees are resources of the employer. As a type of resource, human capital means the organisation's employees, described in terms of their ability to process work utilizing their skills, experience, judgement, intelligence and so on. Employee characteristics can add economic and performance value to the organization.

In other words, whether it manufactures cars or forecasts the weather, if an organization is to succeed it must employ individuals capable of 'high' performance in order to gain competitive advantage. This view means employees in today's organisations are not interchangeable, easily replaced parts of a system, but the source of the company's success or failure. By influencing who works for the organization and how those people work, HRM therefore contributes to basic measures of an organisation's performance, in terms of quality, profitability and customer satisfaction.

HRM is critical to the success of organisations because human capital has certain qualities that make it valuable. In terms of business strategy, an organization can succeed if it has a sustainable competitive advantage (is better than competitors at something and can hold that advantage over a sustained period of time). Therefore we can conclude that organisations need the kinds of resources that will give them such an advantage.

The Process of Performance Management

Although many employees dread the annual performance appraisal meeting at which a boss pick apart the employee's behaviors from the past year, performance management can potentially deliver many benefits – to individual employees as well as to the organization as a whole. Effective performance management can tell top performers they are valued, encourage communication between managers and their employees, establish consistent standards for evaluating employees and help the organization identify its strongest and weakest employees. To meet these objectives, companies must think of effective performance management as a process, not an event.

The six steps in the performance management process.

Step 1 – Define performance outcomes for company, division and department.

Step 2 – Develop employee goals, behavior and actions to achieve outcomes

Step 3 – Provide support and ongoing performance discussions

Step 4 – Evaluate performance

Step 5 – Identify improvements needed

Step 6 – Provides consequences for performance results.

Organisations establish performance management systems to meet three broad purposes: strategic, administrative and developmental.

Human Resource Management In Practice.

Strategic performance means effective performance management helps the organization achieve its business objectives. It does this by helping to link employees' behavior with the organisation's goals. Performance management starts with defining what the organization expects from each employee. It measures each employee's performance to identify where those expectations are and are not being met. This enables the organization to take corrective action, such as training, incentives or discipline.

Performance management can achieve its strategic purpose only when measurements are truly linked to the organisation's goals and feedback about performance are communicated to employees.

The administrative purpose of a performance management system refers to the ways in which organisations use the system to provide information for day-to-day decisions about salary benefits and recognition programs. Performance management can also support decision making related to employee retention termination for poor behavior and hiring or lay-offs. Because performance management supports these administrative decisions, the information in a performance appraisal can have a great impact on the future of individual employees.

Finally performance management has a developmental purpose, meaning that it serves as a basis for developing employees' knowledge and skills. Even employees who are meeting expectations can become more valuable when they hear and discuss performance feedback. Effective performance feedback makes employees aware of their strengths and of the areas in which can they improve.

Criteria for Effective Performance Management

For performance management to achieve its goals, its methods for measuring performance must be good. Selecting these measures is a critical part of planning a performance management system. Several criteria determine the effectiveness of performance measures:

Fit with strategy – a Performance management system should aim at achieving employee behavior and attitudes that support the organisation's strategy, goals and culture. If a company emphasizes customer service, then its performance management system should define the kinds of behavior that contributes to good customer service. Performance appraisals should measure whether employees are engaging in those behaviours.

Validity – is the extent to which a measurement tool actually measures what it is intended to measure. In the case of performance appraisal, validity refers to whether the appraisal measures all the relevant aspects of performance and omits irrelevant aspects of performance.

Reliability – with regard to a performance measure, reliability describes the consistency of the results that the performance measure will deliver.

Methods of Measuring Performance

Organisations have developed a wide variety of methods of measuring performance. Some methods rank each employee to compare employees' performance. Other methods break down the evaluation into ratings of individual attributes, behaviors or results. Many organisations use a measurement system that includes a variety of the preceding measures, as in the case of applying total quality management to performance management.

GRAPHIC RATING SCALE

The performance of the employee can be marked on a continuum with the help of a judge, based on the particular characteristics of the individual, indicating whether the person has had a *low level performance* or a *high level performance*, and this entire process is allowed by the *graphic rating scale*. The process of the evaluation of performance can be carried out continuously with the help of the *graphic rating scale*, and also because the process is very straightforward. The following illustration shows a combination of *graphic rating scale* with essays in the form of a sample appraisal form. The *graphic rating scale* is used to appraise

three aspects of the appraisal of the **performance** of the individual. These are the descriptive category which includes dependability, attendance and quantity of work performed by the individual next is the behavioural dimensions, these include processes such as decision making, development of employee, and the *effectiveness of communication*.

A Factor in a Graphic Rating Scale

QUALITY OF WORK, ACCURACY

How would you rate this individual with respect to the quality of the work he turns out, the neatness and accuracy evident in the job he does?

- Careless worker. Tends to repeat some types of errors.
- Work is sometimes unsatisfactory because of errors or untidiness.
- Usually turns out acceptable work. Not many errors.
- Checks and observes his work. Quality can be relied upon.
- Work is of highest quality. Errors extremely rare, if any. Little wasted effort.

COMMENTS: _____

Graphic Rating Scale

For the purpose of different jobs each of these types are used. Either numerically or verbally the *performance standard* met by the employees are expressed. This can be explained with the help of an example, numerically the performance standards are expressed as 5,4,3,2,1 and verbally it is expressed as 'outstanding', 'meets standards' and 'below standards'. If the standard evaluation of the employee performance is carried out by two people then it is quite possible that both of them will not be able to agree upon the similar ratings for measuring the *level of performance* achieved by the individual. There is expectation and particular performance standard at the different levels of measurement, so that when the standards are interpreted by the different employees and superiors in the organisation, the variation in the evaluation can be reduced.

Graphic Rating Scale and The Various Concerns

In order to evaluate the job performance of several employees in the organisation, the *graphic rating scale* is used as it has a uniform set of criteria and it is also easy to use in the **evaluation of performance** of the employees. However, there can be instances of judge error while using the scale, as the importance of certain job character cannot be indicated in the form, along with this there are certain factors in the form which needs to be deleted and some factors needs to be added in order to calculate the actual rating. The scales work well if the form suits both the person and the job. However, in certain cases when the form doesn't fit the work and the employee the managers and the employees must complain about the pattern of rating available in the form.

There is one very important point which needs to be discussed in here. The concentration must be on the duties and the responsibilities of the job that is identified in the job

description, rather than on the scale that is being used. If the people are able to perform the functions as mentioned in the job description then the link will be close to the scale and between the rating and the job there will be a strong relationship, which will be witnessed by both the employees and the managers.

Our email-based assignments help offers brilliant understanding and simulations which help to make the subject practical and relevant for any assignment help.

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Graphic Rating Scales

Graphic rating scales are an example of the most effective method for measuring employee performance for production-oriented jobs. They typically use numerical ratings that grade employees on work processes, procedure, technique, production level and other job-related functions. In addition, graphic rating scales are also ideal for measuring factors like attendance and time for easy calculation of an overall rating. Supervisors with responsibility for large departments find these types of performance measurements simpler to use than other methods. They don't require lengthy narrative responses and hours of preparation time – they are straightforward and provide good quantitative appraisals of employee performance.

360-Degree Feedback

Work environments that foster interaction among employees at every level may use 360-degree feedback either as the sole performance measurement tool or to supplement another form of performance measurement. A 360-degree feedback version of performance measurement contains input from everyone with knowledge of the employee's performance. For example, in a small, close-knit organization everyone from the receptionist to the information technology specialist gives feedback on the sales manager, provided they interact with her on a regular basis and have knowledge of her job duties, interpersonal skills and professional qualifications. A critical element in administering 360-degree feedback is training. Employees must receive training on how to give balanced and unbiased input that's based purely on employees' professional capabilities and not personal opinions about the employee being evaluated.

Self-Assessment

Objectivity is a key component of self-assessment performance measurements. However, self-assessments also provide an opportunity for employees' self-promotion and a chance for employees to play an integral role in evaluating their performance and development goals. They encourage an introspective examination of strengths, weaknesses and career interests. This form of performance measurement also enables employees to assume a more vocal position during the actual appraisal meeting in leading the discussion to justify their own performance ratings. Self-assessments can also teach employees to explore their capabilities and aptitude and share those attributes with their supervisors to develop career paths suited to their professional goals and interests.

Management by Objectives

A popular form of performance measurement for supervisors and managers is called management by objectives, or MBOs. The focus of MBOs is alignment between individual goals and organizational goals. Employees and their supervisors work together to establish performance goals and to identify the resources employees need to meet their goals. They create alignment by identifying employee goals that contribute to organizational success, such as a sales manager whose goal is to increase department sales by 25 percent during a one-year period through developing incentives and training for sales representatives. The company's goal is profitability and increasing sales contributes to the employer's bottom line. Assuming this scenario, the sales manager would identify training and development materials and money for cash incentives among the resources he needs to accomplish his goals. MBOs are also known for encouraging regular feedback because employees meet with their supervisors at scheduled intervals throughout the evaluation period. They discuss interim progress rather than waiting until the end of the evaluation period to discover whether the employee has met his performance goals.

About Performance Management

An important component of developing employees is a comprehensive and well executed performance management system incorporating elements such as regular one-to-one meetings, through to performance appraisals and processes to manage underperformance.

Performance management is a well-established, all-encompassing term used to describe the practice that drives decisions about performance, remuneration, promotions, disciplinary procedures, terminations, transfers and development needs within an organisation.

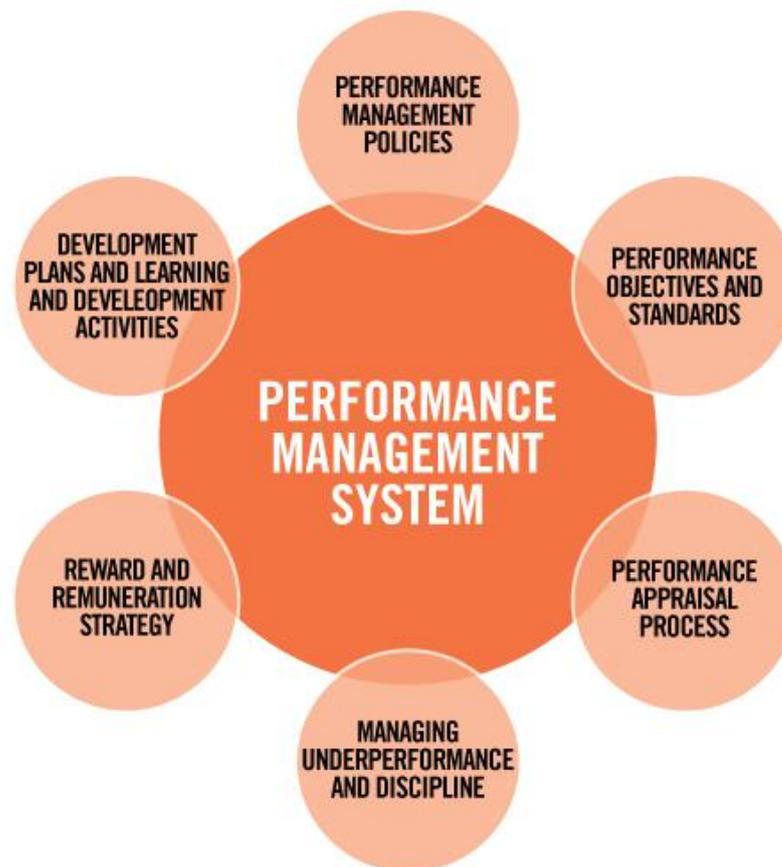
Performance management is a much broader concept than performance appraisal or a disciplinary process. It aims to improve organisational, functional, team and individual performances. Effective performance management measures the progress being made towards the achievement of the organisation's business objectives. It does so by planning, establishing, monitoring, reviewing and evaluating organisational, functional, team and individual performance.

Holistically, performance management may incorporate job design, recruitment and selection, training and development, disciplinary procedures and counselling, career planning, compensation and benefits and performance appraisals.

The components of the performance management system provide the framework within which managers and employees operate. A successful performance management system should:

- incorporate performance improvement, development of teams and individuals, and behaviour management to ensure productive working relationships
- have structures which support the effective functioning of the performance management system. Ie. a performance management policy as well as performance appraisal and disciplinary processes and procedures
- ensure that employees:

- know and understand what is expected of them in their job role (i.e. performance objectives and performance standards)
- have the skills and knowledge required to deliver on these expectations through implementing development plans and learning and development activities
- are given feedback and an opportunity to discuss their work performance
- are rewarded for their performance through a reward and remuneration strategy
- are counselled for underperformance and/or behaviour which is out of alignment with organisational values and/or inconsistent with achievement of organisational goals
- are supported by the organisation to achieve optimum performance



Why do we do it?

To maintain competitive advantage in today's dynamic economic environment, it is essential that organisations invest the time to accurately reflect upon, evaluate and measure their performance at all levels against specific criteria. This process not only ensures strategic objectives are achieved and stakeholder needs are being met, but will have a direct impact on an organisations bottom line and ability to grow in the future.

Benefits

A well-structured and implemented performance management system provides a number of benefits to the organisation, management and employees. These benefits include:

- establishing group and individual performance objectives to ensure that their performance is aligned with the organisation's strategic and operational objectives
- linking performance evaluation and employee development and rewards to motivate individuals
- assisting the organisation in improving its productivity and efficiency
- regular monitoring of progress toward achievement of performance objectives
- identification of specific training needs across the organisation
- improved salary administration
- improved communication and relationships between managers and staff members
- improved guidance and assistance in developing capabilities and potential of staff members

Helpful Websites:

http://www.sumtotal.com.au/assets/whitepapers/sumt_ten_steps_final.pdf