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**Briefing Note**

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| **1** | ***“Describe at least two purposes of performance management and their relationships to business objectives.”*** |
|  Performance in a workplace context is behaviour that accomplishes organisational goals. Performance management is, therefore, concerned with competent actions in the workplace. Management means to help individuals understand what good performance means and the information needed to build on experiences. The 2007 book ‘Managing Employee Performance and Reward’ by John Shields defined four cornerstone purposes of performance management in the modern workplace:1. To demonstrate to others what a ‘good job’ looks like and means to an organisation.
2. To create robust working relationships between managers and colleagues by scheduling regular performance reviews and recognising achievement.
3. To offer feedback as a means to evaluate and assess individual strengths, weak points, and ground to improve within a personal development plan (PDP).
4. To appraise the performance of colleagues as a consideration for the major decisions around promotion within the organisation, performance-related rewards or reassignment.

 In summary: the purpose of management (and its related objectives) is to align individual output with organisational goals. In turn, this increases an organisation’s competitiveness, nurtures a workplace culture that values performance, and contributes to performance-related pay choices. It also empowers the individual worker to become a high performer and sets the stage for further career development. |
| **2** | ***“Explain at least three components (ingredients) of performance management systems.”*** |
|  Four components that make for an effective performance management system are performance planning (sometimes referred to as performance agreement), performance activity, ongoing performance reviews throughout a given year, and a performance review between manager and colleague. The first element (planning) centres on performance agreements. Defined expectations focus on the role undertaken, related results (i.e. knowledge, skills and abilities), and behavioural competencies required to perform. The training acronym ‘SMART’ is typically used at this point to focus goals and objectives ('S' stands for specific, 'M' for measurable, 'A' for actions, 'R' for realistic and 'T' for time-bound). A consensus between manager and colleague happens when expectations are measured, and evidence is used to weigh the degree of competency exhibited. It is important that the steps above and evidence requirements are identified and fully agreed because they will be utilised by both colleague and manager to demonstrate and monitor achievement. The manager and the employee also agree on what the latter needs to do to achieve objectives, raise standards and drive performance. The agreement may incorporate a personal development plan that provides a learning action programme, which colleagues are expected to follow with the support of their managers and the organisation (in the form of regular performance reviews). There are various means to provide ongoing support (i.e. training), but it is important to cover a broad range of activities (i.e. self-directed learning, side-by-side coaching, senior mentoring, project work and e-learning). The final stage of this system is a focal performance review. This end point exists to reflect on the performance and development issues of the individual highlighted through the cycle. Cornerstones of a good review meeting is that of consensus between the manager and colleague for points raised; careful measurement of the data available; critical feedback that applauds what went well and highlights areas to develop; positive reinforcement of output; and shared dialogue. Ultimately the review should be rooted concentrate on the professional performance of the individual and encourage future successes by mitigating underachievement. |
| **3** | ***“Explain the relationship between motivation and performance management with reference to at least two motivational theories.”*** |
|  Motivation is the force that energises, directs and sustains behaviour. Employees optimise output when they are well-motivated and prepared to exercise discretionary effort. Three components of motivation are 'direction' (what a person is trying to do), 'effort' (the wherewithal an individual devotes to tasks), and 'persistence' (how long a person continues to work on tasks). Additional motivation stems from the work itself, the quality of leadership and various forms of recognition and reward builds on self-motivation and assists individuals to make the best use of their abilities. Ultimately, an effective performance management system harnesses motivation to increase productivity. Many prevailing motivational theories seek to understand behaviour in the workplace. The two ideas I find most convincing are Alderfer’s ERG theory and McClelland’s achievement motivation. Alderfer (1972) postulated three primary categories of needs in contrast to Maslow’s hierarchy:1. Existence needs such as hunger and thirst – pay, fringe benefits and working conditions are other types of primary needs.
2. Relatedness needs acknowledge people are not self-contained units but must engage in transactions with their human environment – this covers acceptance, understanding, confirmation and influence are elements of the relatedness process.
3. Growth needs, which involve people in finding the opportunities to be what they are most fully and to become what they can.

 By contrast McClelland (1961) identified three needs of which achievement is deemed most important:1. Need for achievement defined as the need for competitive success measured against a personal standard of excellence.
2. Need for affiliation defined as the need for warm, friendly, compassionate relationships with others.
3. Need for power defined as the need to control or influence others.
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| **4** | ***“Identify and explain two factors that need to be considered when managing each of the following: high, plateaued and poor performance.”*** |
|  There are three types of performance output: high, plateaued and poor. The first excels in their role by achieving goals. The second has a consistent output but does no more than required. The third is below standard and misaligned to the organisation’s goals. Two things to consider when managing a high performer would be job challenge and autonomy. The challenge takes place when the scope is broad, job responsibility is plentiful, and there is a high workload. It enhances engagement because it creates potential for accomplishment and personal growth. Autonomy focuses on the freedom, independence and discretion allowed to employees in scheduling their work and determining the procedures for carrying it out. It provides a sense of ownership and control over work outcomes. When managing a plateaued performer, consider variety and feedback. Does the job allow the individual to perform many different activities or use many different skills? And is the quality of feedback providing the employee with direct and clear information about the effectiveness of their performance? And when managing a poor performer, reflect on fit and rewards and recognition. The existence of compatibility between an individual and a work environment which allows the individual to behave in a manner consistent with how they see or want to see themselves. And rewards represent both direct and indirect returns on the personal investment of one’s time in acting out a work role. |
| **5** | ***“Explain at least two purposes of reward within a performance management system.”*** |
|  Reward management concerns itself with how people gain recognition for performing well within an organisation. The defining element of reward management within a performance context is the process of deciding how compensation for effort works. It should research and implement reward policies and practices that have a correlated effect on the performance of an organisation. This process will influence performance by recognising and rewarding good performance and by providing incentives to maintain it. If the means of recognising performance is effective for the employee, it will retain motivation and the instil a reward culture that applauds high-function. |
| **6** | ***“Identify at least three components of a total reward system.”*** |
|  The core of any total rewards model will be pay and benefits, but there is a choice of what other non-financial elements. Three components could be prioritisation, implementation, and finally monitor and evaluation. Some initiatives are likely to have a notable effect on employee motivation. Two examples could be introducing a flexible benefits scheme or enhancing learning and development. Implementation is an exercise in change management. Continuing communications and involvement of stakeholders are essential to make sure the process of reward does not become abstracted from reality in the workplace. Monitoring the implementation of total rewards and then evaluating how well each element worked against objectives set for it. This process of evaluation and objectivity will lead to clarification of a rewards concept and offer amendments to practices as required. |
| **7** | ***“Describe at least two sources of data (one of which should be external to the organisation) that are used by individuals making decisions about performance and reward in organisations.”*** |
|  Market pricing is one source of data to be used when making decisions about performance and reward in professional organisations. It means to follow a process of making decisions on pay structures and individual rates of pay and obtaining information on market rates (it informs decisions on base rates of pay). The goal is to ensure that monetary value linked to job role is competitive. This sense of reflection helps to develop an internal pay structure. Information on market rates may lead to the introduction of market supplements for individual jobs or the creation of separate pay structures to cater for particular market rate pressures. A market price approach is an external consideration for the organisation. An internal source of data would be reward management regarding strategy, policy and practices. The method of recognising individual contributions to the workplace - means acknowledgement of helping to achieve organisation, departmental and team goals (and are rewarded in turn to incentivise effort). The construction and maintenance of reward systems endeavour to satisfy the purposes of the organisation, stakeholders and employees. It deals with recognition, learning and development opportunities and increased job responsibility, as well as financial rewards. It aims to reward people according to the value they create, support the achievement of business goals, promote high performance, support and develop the organisation’s culture, and define the right behaviours. Ideas to help improve could internal surveys, group discussions, online forums, a suggestions box, and other open-door policies to encourage conversation and workplace improvement. |

Bibliography

Online Resources

* Learning Path 6 (PRM)

Other

* PRM Assessment Brief