

Business Skills and Performance Management

Lecture Title:
Introduction to Business Skills & Performance Management



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Human Resources Management**

Group Introduction

- Introduce yourself**
- Where do you come from?**
- What interested you to choose this particular course?**
- What do you expect to get out of it?**
- Mention what is the most exciting thing that happened in your life so far.**



Introduction to Business Skills & Performance Management



Learning Objectives

- 1. Critically define and contextualise business skills within performance management**
- 2. Evaluate the relationship between strategic aims, business skills, and organizational outcomes**
- 3. Reflect on the ethical and professional role of performance management in modern organisations**



Group Discussion

Can you define business skills in your own words?



Business Skills –

“A set of transferable cognitive, technical, and interpersonal competencies that enable individuals to perform effectively within organisational contexts, contribute to strategic objectives, and adapt to dynamic business environments”
(adapted from Whetten & Cameron, 2016; Katz, 1974)



Core Business Skills Relevant to Performance Management

- **Communication**

Clear, constructive feedback; aligning individual and organisational goals

- **Analytical Thinking**

Interpreting data, evaluating KPIs, diagnosing performance gaps

- **Problem-Solving**

Tackling performance challenges, redesigning processes, finding solutions

- **Adaptability**

Adjusting to change, embracing new technologies, staying agile

- **Leadership**

Inspiring, motivating, and modelling ethical performance standards

Group Discussion

**Can you define
performance
management in your
own words?**



Performance Management –

“A continuous and strategic process that aims to improve organisational effectiveness by aligning individual and team performance with organisational goals, through the integration of goal-setting, feedback, development, and appraisal mechanisms.” (Armstrong, 2017; Aguinis, 2019)



Theoretical Perspectives on Performance Management

Era / Theory	Focus	Key Skills Emphasised
Scientific Management (Taylor, 1911)	Efficiency, measurement, control	Technical skills, compliance
Human Relations (Mayo, 1930s)	Motivation, morale, communication	Interpersonal & social awareness
Management by Objectives (Drucker, 1954)	Goal-setting, strategic alignment	Planning, analytical thinking
Competency-Based Approaches (Boyatzis, 1980s)	Behavioural & interpersonal competencies	Leadership, teamwork, problem-solving
Contemporary PM (1990s–today)	Continuous feedback, development, agility	Adaptability, data literacy, ethical leadership

Scientific Management Theory (Taylor, 1911)

This theory emerged as one of the earliest systematic approaches to improving organisational efficiency.

Focus - On optimising work processes through careful analysis of tasks, time studies, and standardisation of procedures.

Approach - Breaking down complex tasks into smaller, specialised elements, selecting and training workers to perform these tasks efficiently, and closely supervising performance to ensure consistency.

Priority - Productivity and control, viewing workers largely as components in a machine-like system.

Pros - Significantly increased operational efficiency

Cons - Criticised for neglecting human motivation, creativity, and the social aspects of work.

Human Relations Movement (Mayo, 1930's)

The Human Relations Movement arose in response to the mechanistic focus of Scientific Management.

Focus - Highlights the importance of social and psychological factors in the workplace, showing that employee morale, motivation, and interpersonal relationships significantly affects productivity.

Approach - Shifted attention from purely technical efficiency to the human dimension of work, emphasising communication, teamwork, and informal social structures.

Pros - Improved understanding of employee engagement.

Cons -Critics argue that it can downplay the need for systematic performance measurement and accountability.



Management by Objectives (Drucker, 1954)

Focus - Aligning individual performance with organisational goals through mutually agreed objectives.

Approach - Emphasises clear goal-setting, measurable targets, and regular progress reviews, creating accountability for both managers and employees.

Pros - Links personal objectives to strategic aims, it integrates performance management with organisational direction.

Cons - Can be rigid, and critics highlight that it may overlook qualitative aspects of performance, such as creativity or informal contributions that do not fit neatly into measurable objectives.

Competency Based Approach (Boyatzis, 1980s)

Focus - Extends performance management by focusing on the knowledge, skills, behaviours, and attitudes that drive effective performance.

Approach - Competencies should be clearly defined, observable, and measurable, linking individual capabilities to organisational goals. This approach encourages targeted employee development and aligns human capital with strategic priorities.

Pros - Highly effective in promoting skill development and role clarity.

Cons - It can be complex to implement, and there is a risk of focusing too heavily on assessment rather than genuine performance improvement.

Contemporary Performance Management (1990's – today)

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Focus - Emphasise continuous feedback, employee development, agility, and alignment with strategic objectives.

Approach - Unlike traditional annual appraisals, modern systems focus on real-time performance monitoring, coaching, and employee engagement.

Technology and data analytics play a central role in tracking progress and identifying areas for improvement. This approach recognises the importance of adaptability, ethical leadership, and collaboration in dynamic business environments.

Pros – Focuses on continuous improvement, employee development, and strategic alignment in real time.

Cons - Implementing a contemporary performance management system requires cultural change and significant investment in training and technology to be effective.

Linking Strategy, Skills & Organisational Outcomes



Organisations set strategic aims to define long-term goals and competitive advantage. Examples include: increasing market share, digital transformation, or enhancing customer satisfaction.

Performance objectives translate these high-level aims into measurable outcomes for teams and individuals. These objectives ensure that daily work contributes to the strategy.

Individual and team skills are critical to achieving these objectives:

Analytical and problem-solving skills enable employees to execute complex tasks efficiently.

Leadership and communication skills ensure coordination and motivate teams.

Adaptability allows employees to respond to changes in strategy or market conditions.

Group Discussion

**What happens if
strategy, performance
objectives and skills are
not aligned?**



Effects of Misalignment Between Strategy, Organisational Outcomes and Skills

- **Reduced Organisational Performance:** Skills gaps lead to inefficiency and missed KPIs
- **Strategic Initiative Failure:** Workforce unable to execute strategy effectively
- **Decreased Employee Engagement:** Frustration, stress, and higher turnover
- **Ineffective Performance Management:** Unfair appraisals, poor development plans
- **Limited Innovation:** Skills-strategy mismatch reduces creativity and adaptability
- **Negative Organisational Culture:** Confusion, blame, and reduced trust in leadership

Balanced Scorecard & Key Performance Indicators (KPIs)

- **The Balanced Scorecard (Kaplan & Norton, 1992) is a framework that links organisational strategy to measurable performance across four perspectives:**
 - **Financial – e.g., revenue growth, profitability**
 - **Customer – e.g., satisfaction, retention**
 - **Internal Processes – e.g., production efficiency, quality**
 - **Learning & Growth – e.g., employee skills, innovation capacity**
- **Key Performance Indicators (KPIs) are quantitative metrics used to monitor progress toward objectives.**
 - **Examples: Project completion rates, customer satisfaction scores, number of new product innovations.**
- **Link to business skills:**
 - **Leadership drives innovation and strategic alignment.**
 - **Analytical skills improve measurement and interpretation of KPIs.**
 - **Communication ensures that objectives and expectations are clearly understood**



Linking Leadership Skills to Strategic Innovation Outcomes

- **Example 1: A tech company launching a new AI platform relies on leadership to:**
 - Inspire innovation and risk-taking.
 - Coordinate cross-functional teams (R&D, marketing, IT).
 - Ensure alignment with strategic objectives.
- **Example 2: A healthcare organisation implementing electronic health records:**
 - Managers' change leadership skills ensure adoption.
 - Communication and training skills reduce resistance and errors.
- **Insight: Business skills directly influence whether strategic initiatives succeed or fail.**





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Case Study

- **Split into groups**
- **Refer to your assigned case study**
- **Answer questions**
- **Present to class**

(30 mins)



CASE STUDY EXAMPLE :-

Industry: Financial Technology

Scenario: NovaPay is transitioning from a traditional payments service to a fully digital platform. Strategic goals include increasing digital adoption, improving cybersecurity, and expanding into new markets.

Challenges: Staff lack advanced IT and data analytics skills; leadership struggles to communicate new processes; customer service teams must adapt to digital interactions.

Task: Identify strategic aims, link required skills, and evaluate how skill gaps could affect performance outcomes.

Strategic Aims	Critical Business Skills	Relevant PM Processes	Guidance / Notes
Increase digital adoption, enhance cybersecurity, expand into new markets	Analytical thinking, IT/data literacy, communication, adaptability, leadership	Goal-setting, feedback, training/development, appraisal, recognition	Skills gaps in IT/data analytics can slow digital adoption. Leadership and communication are critical to manage change. PM processes should provide upskilling and monitor adoption progress.

Case Study -

Strategic Aim	Critical Business Skills	PM Processes (Goal-setting, Feedback, Appraisal, Training, Recognition)	Risks if Skills Misaligned

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Ethical & Professional Dimensions of Performance Management



Core Ethical Issues in Performance Management



Fairness: Are evaluations objective? Do employees feel they are judged on merit, not bias?



Transparency: Are criteria, processes, and outcomes clear to employees? Or are decisions opaque?



Inclusion: Do PM systems account for diversity in background, working styles, or cultural norms?



Bias: Risks of conscious/unconscious bias in appraisals, promotions, or feedback (e.g., gender, ethnicity, age).

Ethical Dilemmas in Practice

- **Algorithmic Monitoring:**

- Increasing use of AI and data analytics to track employee performance (emails, keystrokes, productivity scores).
- Raises questions about privacy, autonomy, and employee trust.

- **KPIs vs. Wellbeing:**

- Overemphasis on performance metrics may drive stress, burnout, or “gaming the system.”
- Ethical PM must balance results with employee wellbeing.

- **Case Examples:**

- Amazon’s warehouse worker tracking systems criticised for dehumanisation.
- Deloitte’s shift from annual appraisals to continuous feedback aimed at reducing stress and bias

Group Debate

“Performance management is inherently a tool of organisational control rather than employee development.”

- Are you *FOR* or *AGAINST* this motion?**
- Refer to theory (Scientific Management, Human Relations, Contemporary PM) and real-world cases to prove your point.**
- Highlight at least 3 argument points to discuss.**

(10 mins preparation, 15 mins debate)



Ethical Performance Management Practices

Ethical performance management practices should :-

- **Have transparent criteria and fair processes**
- **Incorporate both results and behaviours**
- **Balance between accountability and employee wellbeing**
- **Have an inclusive design that recognises diversity of work styles**
- **Provide continuous feedback and development opportunities**
- **Ensure use of data/AI with safeguards for privacy and fairness**



Effective Performance Management

- **Business Skills:** Employees and teams need the right mix of hard and soft skills (communication, problem-solving, leadership, adaptability, analytical thinking).
- **Ethics & Professionalism:** Skills and strategy must be applied ethically, ensuring fairness, inclusion, transparency, and wellbeing.
- **Strategic Aims:** Organisations set high-level goals (growth, innovation, sustainability, customer service, etc.).

Effective performance management requires all the above three factors working in balance.



Group Discussion

What is the leadership role in aligning strategy with employee performance?



The Leadership Role

Leaders act as translators between strategy and employees' day-to-day performance.

They must:

- **Align skills development to organisational outcomes**
- **Ensure PM systems are applied fairly and ethically**
- **Create a culture of feedback, development, and accountability**

Poor leadership often results in misalignment, bias, or a tick-box approach to PM





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