

Business Skills and Performance Management

Lecture Title: Performance Management Concepts & Systems



Lecturer: Nathalie Xuereb Saydon

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Human Resources Management**

Learning Objectives

- Define and critically evaluate performance management systems and practices.**
- Assess the impact of performance management on organizational effectiveness.**
- Compare and critique different models (360 feedback, KPIs, continuous performance management)**



Group Discussion

**“What is the difference between
‘Performance Appraisal’ and
‘Performance Management’ ?”**



Performance Appraisal vs. Performance Management

Aspect	Performance Appraisal	Performance Management
Definition	A formal, periodic evaluation of an employee's job performance, usually by a supervisor.	A continuous, strategic process of planning, monitoring, developing, and reviewing performance to align individual and organizational goals.
Focus	Past performance (what has been achieved).	Ongoing performance and future development (what can be achieved).
Frequency	Typically annual or semi-annual.	Continuous and ongoing (e.g., quarterly check-ins, real-time feedback).
Approach	Event-based, often viewed as a one-time activity.	Process-oriented, integrated into daily management practices.
Responsibility	Primarily manager-driven.	Shared responsibility: manager, employee, and organization.

Performance Appraisal vs. Performance Management

Aspect	Performance Appraisal	Performance Management
Measurement	Emphasis on ratings, rankings, and documentation.	Emphasis on goal-setting, coaching, feedback, and development.
Nature	Reactive: evaluates what has already occurred.	Proactive: guides and supports future performance.
Employee Development	Limited focus, often corrective.	Strong focus on growth, learning, and capability building.
Strategic Alignment	Often disconnected from organizational strategy.	Closely aligned with organizational goals, strategy, and culture.
Perception	Can feel judgmental and bureaucratic.	Intended to be collaborative, developmental, and engaging.

Key Components of Performance Management



GOAL SETTING



**MONITORING
& FEEDBACK**



**COACHING &
DEVELOPMENT**



**FORMAL
REVIEW**



**REWARD &
RECOGNITION**



**CAREER
DEVELOPMENT**



**SYSTEM
EVALUATION**

Key Components of Performance Management

1. Goal Setting & Planning

- Aligns individual, team, and organizational objectives.
- Often uses **SMART** goals (Specific, Measurable, Achievable, Relevant, Time-bound) or **OKRs** (Objectives and Key Results).
- Critical to ensure employees understand expectations and how their contributions impact the bigger picture.
- *Key issue:* Overemphasis on rigid goals may reduce agility in fast-changing environments.



Key Components of Performance Management

2. Performance Monitoring & Ongoing Feedback

- **Continuous tracking of progress, rather than waiting for annual reviews.**
- **Encourages two-way communication between managers and employees.**
- **Feedback should be constructive, timely, and specific.**
- ***Key issue:* Without training, managers may provide inconsistent or biased feedback**



Key Components of Performance Management

3. Coaching & Development

- **Performance management is not only evaluative but also developmental.**
- **Focuses on building competencies, skills, and capabilities for future roles.**
- **Methods: mentoring, training programs, stretch assignments.**
- ***Key issue:* Organizations often overlook this component, treating PM as compliance rather than talent development.**



Key Components of Performance Management

4. Formal Performance Reviews

- **Structured discussions (quarterly, bi-annually, annually) summarizing performance data and feedback.**
- **Can incorporate self-assessments, manager assessments, and sometimes peer/360 feedback.**
- **Provides an opportunity to document performance and plan next steps.**
- ***Key issue:* If treated as a bureaucratic “tick-box” exercise, reviews lose their developmental impact.**



Key Components of Performance Management

5. Reward & Recognition

- **Linking performance outcomes to rewards (pay, bonuses, promotions) and recognition (non-financial motivators).**
- **Reinforces desired behaviors and motivates employees.**
- ***Key issue:* If rewards are misaligned or unfairly distributed, they can create disengagement**



Key Components of Performance Management

6. Employee Development & Career Planning

- **Goes beyond short-term performance — addresses long-term career aspirations.**
- **Includes succession planning, career pathing, and leadership development.**
- **Encourages employees to see PM as supportive, not punitive.**
- ***Key issue:* Requires organizational investment; often neglected when budgets are tight**



Key Components of Performance Management

7. Continuous Improvement & System Evaluation

- **Performance management systems themselves must be assessed and adapted.**
- **Involves feedback from employees and managers about the system's effectiveness.**
- **Integrates data analytics (e.g., tracking engagement, turnover, performance metrics).**
- ***Key issue:* Without evaluation, PM systems risk becoming outdated or irrelevant.**



Group Exercise

- What is the effect of a strong leadership role vs weak leadership for each of the performance management steps. (Goal setting, monitoring & feedback, coaching & development, formal review, reward & recognition, career development, system evaluation)



Group Discussion

- **Traditional PM is more about accountability and control.**
- **Modern PM emphasizes engagement, agility, and development as organizations adapt to knowledge work, remote teams, and dynamic markets.**
- **How does these differences affect the employee and the organisation?**





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Performance Management Tools



360 Degree Feedback

This performance management model involves managers, peers, subordinates and sometimes customers to give feedback about an employee. This method broadens perspectives and reduces bias from a single evaluator to identify strengths and weaknesses.

Benefits	<ul style="list-style-type: none">- Encourages self-awareness and personal development.- Promotes a feedback culture and improves communication.- Can highlight hidden strengths or blind spots.
Challenges	<ul style="list-style-type: none">- Time-consuming to collect and process feedback.- Risk of bias (popularity, personal conflicts, leniency/harshness).- Can create stress or anxiety if feedback is poorly delivered.- Requires a trusting organizational culture to be effective.
Critical Analysis	<ul style="list-style-type: none">- Best suited for collaborative, team-oriented environments rather than highly hierarchical ones.- Effectiveness depends on training and feedback skills.- Not always directly linked to objective performance metrics; more useful for development than appraisal- Can backfire if feedback is superficial or perceived as politically motivated.

KPI's (Key Performance Indicators)

This performance management uses quantifiable measures used to evaluate performance against specific objectives.

Benefits	<ul style="list-style-type: none">- Provides clear, measurable targets for employees and teams- Aligns individual and team efforts with organizational goals- Enables performance tracking and progress monitoring- Facilitates data-driven decision making
Challenges	<ul style="list-style-type: none">- May encourage short-term thinking at the expense of long-term goals- Can ignore qualitative factors like collaboration, creativity, or culture- Risk of gaming the metrics without meaningful impact- Setting the wrong KPIs can demotivate employees
Critical Analysis	<ul style="list-style-type: none">- Most effective when KPIs are SMART (Specific, Measurable, Achievable, Relevant, Time-bound)- Works best in goal-driven, measurable contexts rather than complex, ambiguous tasks- Should be complemented by qualitative feedback for holistic performance evaluation- Requires regular review and adjustment as business priorities change

Continuous Performance Management

The Continuous Performance Management is an ongoing, real-time approach to performance management rather than annual reviews. This method is often technology-enabled and encourages agile goal setting and frequent check-ins.

Benefits

- **Promotes ongoing feedback and communication between managers and employees.**
- **Encourages real-time goal adjustment, supporting agility in dynamic environments.**
- **Increases employee engagement and accountability through frequent check-ins.**
- **Enables early identification of performance issues, reducing surprises in formal reviews.**
- **Supported by technology platforms (dashboards, performance apps) for easier tracking.**

Continuous Performance Management

Aspect	Details
Challenges	<ul style="list-style-type: none">- Can lead to feedback fatigue if overused or poorly structured- Requires strong managerial capability to provide constructive, consistent feedback- May be resource-intensive, demanding time and commitment from both managers and employees- Without a supportive culture, it risks becoming a tick-box exercise rather than meaningful dialogue- Potential data overload from continuous tracking tools

Continuous Performance Management

Aspect	Details
Critical Analysis	<ul style="list-style-type: none">- Best suited to agile, fast-moving organizations where adaptability and learning are key.- Shifts focus from evaluation to development, aligning with modern HR trends.- Effective implementation depends on trust, open communication, and digital readiness.- Works best when combined with clear objectives and occasional formal review cycles for strategic alignment.- Represents a cultural transformation rather than just a process change — success hinges on leadership buy-in.

Framework Critique & Best Fit Models

Model	Best Fit Contexts	Strengths	Weaknesses
360-Degree Feedback	Team-based, collaborative	Holistic view, development focus	Time-consuming, requires trust
KPIs	Goal-driven, measurable tasks	Clear targets, aligns with strategy	May ignore qualitative factors
Continuous Performance Mgmt	Agile, fast-changing environments	Real-time feedback, engagement	Resource-intensive, feedback fatigue

Group Exercise

- **Form into groups**
- **Refer to the assigned case study**
- **Analyze all three performance management models**
- **Evaluate each model's suitability for your assigned scenario**
- **Present and debate your answers**





**THANK
YOU!**



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