

What is performance management

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In business, *performance management* is a management approach, which looks at the business as a whole which entails reviewing the overall *business performance* and determining how the business can better reach its goals. The main goal of performance management is to create an environment where people can perform to the best of their abilities to produce the highest-quality work most efficiently and effectively.

Why do you need a properly designed Performance Management System?

According to [Talent Management 360](#) 's July 2017 research:

- 45% of HR leaders do not think annual performance reviews are an accurate appraisal for employee's work.
- CFOs spend at least 40% of their time on business performance management, but they estimate that 30% of their company's performance potential is lost due to ineffective performance management processes and behaviors.
- Only 23% of HR executives think that their PM process accurately reflects employee contributions.
- Only 8% of companies report that their performance management process drives high levels of value, while 58% said it is not an effective use of time.
- Only 14% of organizations are happy with their performance management system.
- Two-thirds of performance management systems misidentify high performers.
- 58% of organizations rated their performance management systems as "C Grade or below."
- 30% of performance reviews end up in decreased employee performance.

What are the benefits of Automating Performance Management?

The ultimate result of good performance management is improved performance. Automating performance management is one-step in *performance improvement* in the sense that traditional performance management involves a lot of steps and long processes. By automating, you are one-step away from redundant work.

The obvious benefits of digitizing any process aside, reviews and appraisals when done using digital tools ensure continuity, accuracy, and timeliness.

Digitization of the performance management system the process result in equal, transparent and fair methodology to evaluate employee performances. Furthermore, digitizing the process of performance review allows for customized and in-depth feedback, as opposed to subjective remarks from a manager.

Continuous Performance Review

With traditional performance *management systems*, reviews are usually undertaken on regular intervals such as monthly, quarterly, bi-annually and annually. However, with automated systems, performance can be reviewed more frequently without disrupting day-to-day work. Year to date performance can easily be reviewed with ease.

Aiding the Employee-Manager Relationship

Feedback that is more frequent can also establish trust between the employee and their manager. A Harvard Business Review survey found that while 58% of people trust strangers, only 42% trust their own boss. Practicing regular feedback instils praise and constructive criticism as a regular part of the work environment, so employees feel more comfortable and open to giving and receiving feedback.

Additionally, Gallup reports that managers are responsible for at least 70% of the variance in their employees' engagement. Employees whose managers regularly communicate with them are nearly three times more engaged than those with managers who do not regularly communicate are. The research shows that 43% of highly engaged employees receive feedback at least once a week.

Allow managers to be comfortable with a large span of control

Undoubtedly, managers feel less burden of managing performance for a large team. Geographical dispersion will not be an issue in managing performance using automated systems. Like any system, *performance data* can be accessed remotely. Summary reports are automatically generated.

Objective performance measurement and evidence-based

With Automated Performance Management Systems, goal setting, key performance indicators and measurement of success are clearly set and backed by numbers. This removes subjectivity in the process, which will likely motivate employees because they have a clear picture of what is expected of them.

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