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Performance management and employee engagement

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Abstract

Many traditional organizations are creating a great emphasis on performance of management system as a means of generating performance of high level. Increments in producing performance can be achieved by orienting the performance of management to promote employee's engagement. A new approach to performance management system includes employee engagement and important factors including employee engagement.

The main aim of this paper is to define performance management system with employee's engagement and their performance and also analyzing the relationship between engagement and performance management. However, the results will prove that performance management system has created a positive and important impact on the relationship with employee performance. The main focus of this study is to analyze and explore the effect of performance management system on employee's performance.

Keywords: Employee engagement, performance management, barriers, leaders, culture

Introduction

Employee engagement is the technique by which employees will feel enthusiastic towards their jobs and be committed towards the organization and put their necessary efforts into it. Employee engagement is different with employee satisfaction. Satisfied employee means the employees, who are happy with their job and status even it involves little work but engaged employees are those who are motivated to do more and more work required to keep their jobs. Employee satisfaction deals with how happy the employees are, covering their basic needs and doesn't involve the level of motivation included in it. Engagement with the organization measure how the employees and organization are engaged with each other, it also includes feelings of employees towards the senior management and it includes components like trust, values, fairness and respect, both inside and outside the work.

Performance management is a process of pursuing the employees to focus them on the work; in the manner they are contributing to achieve the organizational goals. It includes various systems. It is a kind of measurement of work performance. Here, managers evaluate the performance of the employees. Every organization needs to check the performance management tools and how it will be carried out. Every business needs to adopt the practices which are consistent with the policy requirements and which fits the best with the working of the organization and its objectives. It is the first stage of the process of employee's engagement process and it involves the process of agreement of performance.

Its main activities involve setting of goals and reviewing the agreement of psychological contract.

- **Setting of goals:** Objectives are very important for any organization. It defines the main purpose of existence for any business. It is necessary to initiate the engagement of employees in the goal setting process, because goals motivate the employees, stimulates their energy. According to Macey *et al.* (2009) ^[4], "without a specific objective, the feeling of engagement cannot come within an employee". It is also stated that there is relation between individual and organizational goals so that engagement can be more effective, because it makes the employees more involved in accomplishment of the tasks to achieve the goals. Therefore, at this stage, it is necessary to make employees aware about the objectives of organization and with its context; they can make their own objectives.
- **Psychological Contract:** It is noted that there are 3 conditions of psychology which makes employees engagement parallel to the contracts in which people urges to enter are: 1. Psychological Meaning (clear benefits),

2. Psychological safety (guarantee of protection), 3. Psychological availability (honorable resources). Employees have their both internal and external expectations from the organization. These expectations are the basis of psychological contracts involving counter obligations among the employees and the organization. Psychological contracts have been fulfilled by getting associated with both working and non-working performance of employees which may lead to engagement of high level with respect to social exchange theory.

Performance and engagement appraisal: Engagement appraisal needs to be accompanied with performance appraisal used by managers in discussing the importance of behavior of employees with the organization, and how they react which includes (role, persistence, adaptability, etc.). It is suggested that some incentives are necessary for experiencing meaning and suggestions towards monetary and non-monetary reward system supporting the psychological conditions producing the engagement. The main component of performance management is to appraise and evaluate the performance of the employees. With the context of engagement of employee, this process is also including the evaluation of behavior of employee's engagement i.e. their role, adaptability etc. with their job performance. The most important factors at this stage are employee's feedback and their performance appraisal. The purpose of employee engagement are as important as enhancing the performance.

Role of Top Management in Performance Management

Top management i.e. managers and owners play an important role in the evaluation and management of performance of the employees by involving employee engagement in the organization. It includes

1. Knowing the Employees of the Organization
 - What they care for, and why?
 - The work they are performing are meaningful to them or not, because it's the work which motivates the employee to be a part of the organization.
 - Developing the commitment towards the employees, so that they can feel safe.
 - Managing the expectancies of the employees
 - Providing them challenging and big goals but attainable ones.
 - Building willpower among the employees so that they will feel more motivated
2. Transparency in the Organization: It is very necessary for any type of organization. It holds a very important position. The workforce of the organization has all the rights to know what is happening in the organization and what their position in the organization is. It states that the top management needs to share all the information with their workforce whether it is necessary for them or not.
3. To act as a Role Model: Top management plays a very important role in becoming an idol for its workforce. Before ordering the employees, to work; they need to perform their duties first, so that the employees will love to follow them. For this purpose, top management needs to create:
 - Club for great Performers: It should be made to find out the talent to meet future requirements. For

this purpose, a pool of extraordinary talent should be made who in future will be able to take leadership position across the globe. Special training, career advancement and development programs must be provided with the help of cross-functional programs and job-enrichment.

- Fast track program: This program is created for retaining the employees with high level of potential for institutes like IIM's, IIT's who are contributing in motivating, developing, and achieving growth of business, and to achieve the effectiveness desirable to achieve the success of the organization.

Engagement Drivers: In this stage of engagement facilitation, the main focus is to identify and to provide the resources required by the employees for getting engaged with business. Involvement of such resources will help the employees to get enabled with the safety, availability, and experience to them. The main activities involving at this stage are: Job design, Social support, training and development, leadership etc. Engagement of employees has various key drivers which include:

- Work Recognition
- Providing better understanding of organizational goals
- How the work of an individual is affecting the contribution towards the organization
- Evaluation and assessment review or work aligned with the objectives of the organization.
- Individual development and career advancement opportunities

As every employee has different contribution towards organization based on their experiences, knowledge; the organization should realize its importance. By improving the engagement practices on the basis of needs and wants of the employees, it can be done easily with the help of better performance management system.

Methods of Employee Engagement: There are various methods to keep the employees engaged in the business so that they will be retained in the business and will be helpful in achieving the goals of the organization, for this it is necessary to keep the existing employees and by creating great environment to the new employees.

1. Approaches for engagement of new employees

- Appointing right person at the right place
- Best induction and orientation program for employee's development
- Providing training and development, to enhance their technical and soft skills
- Providing leadership programs
- Updation of technical and other skills
- Providing certification programs to help employees in performing excellently

2. Approaches for engagement of all Employees

- Activities of communication: Communication activities are necessary because communication is very necessary for the survival of a business. It is the backbone for any business. Various communication forums which help in providing feedback to all the people associated with the organization. It provides internal magazines and

newspapers. It helps in enhancing online communication which includes discussion boards, online blogs including all the levels of management. Preparation of revised periodic Updation of organizational goals and objectives by taking opinions of employees regularly and taking their satisfaction surveys and by taking feedback of employees.

- Schemes for rewards: Appropriate reward system must be provided to the employees so that they will feel motivated to work for the organization. It can be done by providing various compensation programs, providing them share in profit and to participate in stock ownership, recognition programs. It can be done by collecting ideas related to reward systems and providing those awards for great performance.
- Activities for building organizational culture: Organizational culture must be suitable for the employees working therein so that they will feel comfortable and take organizational goals as their personal obligations. It can be done by well-organized HR policies and by concentration on CSR (Corporate Social Responsibility) and other social objectives. It helps in providing equal opportunities for formation of policies and giving them opportunity to take initiative in maintain work quality and maintaining balance between professional and personal life. It facilitated in developing safe and inspiring work environment for them and commitment towards employee's well-being.
- Building team activities: Team activities are necessary because for an organization to run properly, it is must that all the members of the organization work together as a team by helping each other and providing recreation activities for them like games or trips And by bringing social lives together like family gatherings etc. It can also be done by communal activities like volunteering and raising funds.
- Leadership development activities: As far as leadership development activities are concerned, it is important to have leadership qualities in the employees, so that in future they can be key factors for the success of the organization. It helps in developing effective leadership programs and effective Performance Management programs. It also helps in Evaluation of performance on fair basis and effective delegation of authority. It also provides training and coaching for honest feedback by workforce and transparent culture to develop entrepreneurship

Benefits of Performance Management: Employees of the company are their key assets. Effective communication Between managers and the employees helps the employees in understanding clearly about the goals of management and their expectations. It also helps in overcoming the most important challenges that a company can face which are: (a) rate of retention, (b) engagement of employees. The benefits of performance management system are in wide range. It includes:

- Managers have to spend very less time in managing the

employees.

- Employees enjoy independence at a great level.
- Confusions and misunderstandings are reduced.
- Companies using performance management program has the ability for mapping and defining corporate goals.
- Employees have the opportunities to create their own objectives on the basis of business goals.

Benefits to Organization: Performance of organization is improved, productivity is increased and retention of employees is also improved. Barriers to communication are removed and accountability is cleared.

Benefits to Managers: Time of managers is saved and conflicts are reduced. It also increases the efficiency and consistency in the performance of employees.

Benefits to Employees: It helps employees in understanding the expectations of the organization, opportunities to self-assessment. It also helps in clarifying accountability of jobs and contribution in improvement of performance and promoting job satisfaction.

Benefits of Employee Engagement: Engagement of employees in the business can help the organization in many ways. It is necessary to have employee engagement so that the objectives of the organization can be achieved efficiently and effectively. Some of the benefits are:

- Great Performance: Smartness in work is more necessary than the hard work, and it can be done by engaged employees only because they keep looking for the opportunities to improve their performance by increasing the sales, reducing costs, and providing the products with best quality.
- Effective Communication: Engaged employees are great in communication because they share each and every necessary information with their colleagues and the management, they share their ideas and becomes representative for the organization. It also helps in increasing their performance and making the customers happier than ever.
- Satisfaction to Customers: Employees who are engaged find out their own way of meeting the needs of the customers. Customers immediately notice it and it leads the business to high level at optimum cost.
- Efficient team work: Employee engagement is all about increasing the connection of employees to the organizational principles, its strategy, culture and its objectives. This also includes commitment and encouragement towards organization. It focuses more on results of business and having the employees, a clear sense about their responsibility towards the organization.
- Commitment: Engaged employees are more committed towards the organization. They feel proud for working in the organization and they have better relations with every employee in the company.
- Low rate of turnover: High engagement of employees helps in reducing the turnover of employees. They search for the people, on who they believe that they can be helpful for the company's betterment.

Performance Management and Employee Engagement: A Powerful Combination

As performance management helps in ensuring that all the

employees in the organization are dedicated towards the operations of business and employee engagement helps in creating the culture where all the employees feel satisfied and excited towards the work they are provided with. These both are complementary to each other. They encourage and helps the employees in attaining both the individual and organizational goals and achieving professionals benchmarks. As soon as their combination is realized, managers began to implement various programs which will create a difference at industrial level. Engagement of employees, even before hiring them, by recognizing the achievements that will reduce the weakness of organization, makes the performance management system better. Companies implementing this combination have much better results than the company who have not implemented it. It is found that about 40% of the organizations are creating this combination in their business.

Companies should pay their close attention towards engaging their employees, sustaining the engagement and integrating it with performance management process. Its development and maintenance with a single objective are beneficial for both employees and employers. It has a direct contact with the experience of company with level of employee engagement and strong performance management system. Organizations need to increase its profitability by improving employee engagement and performance management.

Conclusion

It is suggested that traditional challenges of economic leads the organization in trying to improve the results with the increase of attention on management of performance. The ideas presented here, increases engagement and performance which is required for the organization in structuring their system of performance management in order to drive high level of performance. In addition to this, interactive impact of such elements on organization will tell about the necessary elements for the employees and circumstances related to them. It also encourages to find out whether the application of these ideas are helpful for satisfaction of employees with their performance or not; or if it is also helpful for finding out their job satisfaction and their commitment towards organization.

Future studies will help in exploring the inter-relation between employees engagement and performance management system. It is believed that organization is hopeful to achieve competitive advantage with the engagement of employees in their performance evaluation and it will be successful by implementing the employee engagement in the process of performance management.

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