



Performance Management as a Strategic Tool

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Introduction

This paper is to review the literature showing that the Performance management system can have a more effective role in the strategy than considering it a way of evaluation or documentation.

This literature review is to discuss performance measurement, why the organizations are moving from performance measurement to performance management, proving that the correct and rationale application of performance management system (PMS) has great and dramatic results on the employee performance and also on the organization as a whole.

This literature review is to discuss the performance measurement system and the relation between performance measurement and total quality management systems (TQM), the arising need to move from performance measurement to performance management systems to be aligned with the expected results from the application of the total quality managements in the organization.

Also, this review is to highlight the overview on the Performance management cycle, the importance of Performance management application for organizations and how to apply successful performance management system taking in consideration the importance of alignment in performance between all stakeholders.

The rationale and correct application of Performance management in organizations and companies leads to renew and creates values in the working environment, the formation of competitive advantage in the initiation of internal standard process and a lot of benefits to the employees as discussed later.

The discussion included in this review shows that the performance management system is more than an evaluation or documentation process, it can be used as a strategic tool that help the organization to renew itself. This literature review is to answer the question of How and why to use the performance management as a strategic tool?"

As these days are the era of extreme competition, the performance management system declare the organization behavior and related objectives in a very simple and related way, this make everybody in the organization has deep understanding about the organization performance and targets. That is making every employee real partner in the business. This review

deals with the efficiency and effectiveness of Performance management system (PMS) and how it may be used as a strategic tool and to create a powerful base for the employees to achieve their ambitions, dreams, and for the organizations to achieve their key targets in terms of financial and non-financial goals.

Organizations today have to review and revise their old strategies towards the performance measurement and develop new and unique ways and means to enhance employee's performance to the maximum expected limit. Performance Management system is used to offer a solution to create respected scenario, change management and excellence tool.

Many organizations rely on performance management system to remain in the race of competition. Because the good performance management system helps employees to understand and know that what goals exactly are expected out of them and make line managers and strategic planners are sure that employee behaviors will be aligned with the organization's goals.

Managing employee by using performance management system where aligning the objectives facilitates the effective delivery of strategic and operational goals and by default has a great impact on the development of more effective strategic and operational goals. A lot of reviews showed that there is a clear correlation between using rationale performance management programs and improved business and organizational results. The best use of the performance management system makes the organization works toward certain goal, which create harmony and synchronization in the premises [1].

The literature review will discuss the expected gains obtained from the proper application of the performance management system which is translated in the direct financial gain reflected by itself in reducing costs in the organization, resource optimization, strategic or operational changes efficiency.

Again from the effective performance management is to have a very self-motivated workforce, with high level of engagement as everyone understands and know how to share and contribute to the organizations high level goals.

On the higher level of employees, there are profes-

sional developmental programs which help managers and senior levels more to achieve business level goals.

The effective use of the performance management system leads to improve the management control, creating flexible and responsive environment to the business needs.

The main problem for the performance management system application is the gap between desired results and actual results. This literature review will discuss the effort done at closing this gap via discussing how to use the performance management system as a strategic tool.

An Overview on Performance Management

The performance measurement system: Employees in organizations tend to use the term business performance measurement (BPM) systems without full understanding to what exactly they mean by it. This lack of understanding and clarity creates confusion issues that my increase to the limit about what they mean by the performance itself and how to measure it [2]. The field of business performance measurement (BPM) lacks a cohesive body of knowledge and understanding as it is considered a very sophisticated issue in which there is a deal with the subjective and objective target [3].

There are different stakeholders at different organizations in this issue, which are from different backgrounds and different fields such as strategy management, operations management, human resources, organizational behavior, information systems, marketing, management accounting and control, all are have related impact and function towards the field of performance measurement and management. These different fields involved in the process of performance management have led to a lot of definitions, and there is little consensus regarding its main components and characteristics [2].

There are a lot of definitions for the performance management and measurements as following according to the aspect you will define according to:

"A business performance measurement system refers to the use of a multi-dimensional set of performance measures for the planning and management of a business"[4].

"A performance measurement system is an infor-

mation system that supports managers in the performance management process mainly fulfilling two primary functions: the first one consists in enabling and structuring communication between all the organizational units (Individuals, teams, processes, and functions) involved in the process of target setting. The second one is that of collecting, processing and delivering information on the performance of people, activities, processes, products, and business units” [5].

A strategic performance measurement system:

- Provides information that allows the firm to identify the strategies offering the highest potential for achieving the firm’s objectives, and
- Aligns management processes, such as target setting, decision-making, and performance evaluation, with the achievement of the chosen strategic objectives” [6].

Also, it is easily to identify that there are a lot of definitions for the performance management according to the area you are studying it from, if it related to communication, IT, management, operations and others aspects.

But, one of the outstanding and clear facts that there is a growing and stressing trend towards managing performance improvement through focusing on the underlying drivers of performance, whether improvements in the processes or the underlying resources that make the best use of underlying resources and make the internal performance and processes are one of the core competitive advantage in the business, all are about the optimization and excellence of the organization [2].

The difference between performance management and measurement can be translated as per the difference between evaluation function and developmental function appraisal as there are many tensions within the multiple agendas and purposes of appraisals [7].

There are two types of function appraisal and it is very useful and important to make a clear distinction them to reach the real difference between the performance management system and contemporary one:

Evaluative functions are those that include use of performance appraisal for salary increase/decrease, promotional decisions, and retention/termination decisions, recognition of individual performance and identification

of poor performance. The appraiser takes the role of the ‘judge’. Evaluative functions focus primarily on differentiating between people and always discussing the compensating benefits.

Developmental functions include the identification of individual training needs, providing performance feedback, determining transfers and attachments, identification of individual strengths and weaknesses. For this developmental function the appraiser takes the role of a coach or mentor. Developmental functions focus primarily on within person analysis and developmental plans.

From the above, it can be identified that the importance for the performance measurement and management as a tool for controlling the business via enhancing the communication toward the Objectives, how to optimize the effort to achieve them, provide mapping of activities and milestone to achieve the organization required performance and objectives.

The relation between performance measurement and TQM:

The relation between overall performance measurement and TQM is a general first-rate control as the TQM is a control philosophy and trend, with a best attention, based totally on the participation of all company participants and has an aim of long-run success thru reaching the customer satisfaction, this customer can be internal or external. however, performance of an organization is measured as by the quantity that the organization achieves its deliberate method and goals so, both of TQM and performance management has the same goal that is the corporation goal success, so there’s need to talk about the TQM in relation with the overall performance control system and how each of them integrate with the other to reap the company dreams [8].

The problem is that there is a gap between managers’ understanding of the importance of using performance measures, and the actual performance measures used. there are arising claims that the irrational and bad performance measurement could be a major cause of the failure total quality management implementation, in another wording there is a difference between the theoretical and the actual done, this lead to failure in achieving the organization goals and failure of the total quality system, like make effort in the wrong way [8].

The traditional performance evaluation methods

are based mainly on the use of financial ratios such as return on investment and profitability as a focus and measure for the organization performance. In the contemporary management style there is a new approach where more comprehensive methods rather than the financial measures are developed in order to include measurement for non-financial perspective of organizations. Performance Measurement Matrix and Balanced Scorecard are some of these methods. In the field of TQM, quality fundamentals are utilized by organizations in general as a performance measurement tool. Besides the studies about which criteria and indicators to use in performance measurement. Another ways are used now a day to have more effective.

Performance management systems as: Cognitive maps which are used to define the performance perception, regression analysis is used to forecast upcoming performance and factors effecting the performance , artificial neural networks are used for performance prediction , Analytical hierarchy process and multi attribute utility theory are utilized to define the importance of criteria and compare the performance of companies, and data envelopment analysis is utilized as a efficiency evaluation tool of strategic business units, all of these are used to measure and manage the performance rather than the old numerical financial measures [9].

From this point there is a need to move from performance measurement to performance management, this leads to transfer from the point that the performance measurement is an obstacle for TQM and quality systems and focus only on financial ratios as a measure of performance to achieve the maximum quality in measuring performance and achieve the required objectives for the organization , to be a part from the strategy of the organization not only way of evaluation .this will be achieved by the most updated tools for performance management as discussed in the above.

The Move from performance measurement to performance management: For effective organizational performance management, the organization should pass by the transition from performance measurement to management. This transition and transformation state has to include two important and vital steps: the first one is to anticipate and expect the needed changes in the strategic direction of the

organization to be fully compatible with the desired performance, and the second one is to have a methodology in place for effecting strategic change for easy application of the strategy. Successful accomplishment of these two tasks represents the foundation of good performance management, it is a kind of the change management to transfer from performance measurement to effective real performance management, it is like the turn from people performance measurement to set step by step developmental plan to reach the required performance [10].

Performance measurement systems and performance management systems were used traditionally within the management accounting function and utilized for information and control purposes they have more recently been used within the all organization functions as the basis for on-going improvement programs [11].

The balanced scorecard seems to be the most important and dominant concept in this aspect and one of the key parameters to be converted from the performance measurement to the new performance management.

The importance of the performance management using the balanced scorecard as one of the most impactful tools as mentioned in the Harvard business review that mentioned that "If you are going to ask a division or the corporation to change its strategy, you had better change the system of measurement [12].

The traditional old performance measurements is considered as a top-down assessment which is most probably contains annual appraisal meeting using ratings and ranking , focusing on quantified objectives, mainly linked to pay , bureaucratic paperwork and carried out by immediate supervisors [10].

While the contemporary performance management system is a joint process through dialogue, it is considered a continuous review with one or more formal reviews, it is of a wider concept than appraisal, it is considered a flexible process where ratings is less common, focus on values and behavior as well as objectives, less likely to be a direct link to pay, documentation kept to a minimum, line managers are involved and in discussion with experts and consultants. For all the previous discussion, there is more stressful need to consider the move from the performance measurement

to performance management and considered it a tool for the organization strategy and change management system [11].

Performance management cycle: In the performance management cycle, all administrative, professional and support staff have to participate in the annual performance management process. In this employee-focused, interactive process, staff members set goals, clarify expectations, express development needs and preferences, and discuss career aspirations. That is why in the performance management system, all employees feel rest and comfort with the settled objectives and targets, it come from down to top and then consolidated with the top to down objectives, in a manner make employees partners in the strategy not executives.

The goal is to help employees and the organization to be more successful and to engage more in the success and growth of every employee and the organization itself. The performance management process has to align talented people with the organization's priorities and future opportunities [13].

The performance management has well-defined stages as following:

a. Goal-Setting stage: It is the initial and starting point for any organization to know where to go and the required destination to be well defined. The process ideally begins with department's goal setting and communicating these goals for the year ahead, after which employees set their individual goals in an integrative way with the organization goals. These goals should follow the SMART approach (specific, measurable, aligned, realistic, and time-bound).

b. Defining competencies: This is the second important stage and a key part of the performance management process, this stage is to define the competencies needed to perform the required jobs or roles, these competencies should be specified in the job specification and job description to guarantee the sustainability of the function as required. It's not only to think of goals as "what" needs to be accomplished; but also to include competencies which are the "how" – the behaviors needed to get things done effectively.

c. There are two "core" competencies for all staff members: Teamwork and coordination: these are about to Actively participate to move the team forward; aligns with the team objectives to achieve mutual outcomes; maintains strong, personal communication with colleagues and stakeholders.

d. Embraces change and challenges: Actively identifies problems and opportunities, initiate and implements solutions; maintains effectiveness when experiencing major changes; adjusts effectively to new work structures, processes, requirements, or cultures.

e. And for managers, there are two additional core competencies: Resource optimization and allocation: Manages finances and organizational resources to the optimization limit and guarantee zero waste to enhance department, or organizational goals. Deploys funds, staffing or resources economically and effectively.

f. Building a high-performance team: This is the most important and difficult task for any manager to develop a capable, diverse and cohesive team; motivates others to achieve the organization's goals; recognizes and rewards contributions in fair way, to make the harmony and synchronization in the work atmosphere, to give the required support and care that make every employee achieve the targets in a comfortable way.

g. Feedback and Performance Discussions: Each employee does a self-assessment, and the manager provides written feedback; at year-end this typically includes a summary of feedback gathered from peers "360 degree evaluation", those served or supported, and direct reports, if any.

The main purpose of performance assessment and evaluation is to mutually tracking of how things are going, constructively share notes, feedback and observations, and get revisit goals and priorities as things change [13].

In a simple way, the three essential stages in the performance management:

a. Goal setting: It is about to know what is important and what to do and the alignment of these agreed goals with all the stakeholders.

b. **Feedback:** It is to know how well we are doing, which is considered the evaluation phase and provide required corrective plans if required, in another way to guarantee that you are on the correct track in terms of what and how.

c. **Reinforcement:** It is about the effort and outcomes to be acknowledged to achieve the required organization excellence level required translated into zero waste and resource optimizations.

It is vital that these three principles form the basis of a performance management system; everything else is elective [14].

The successful strategic performance management development cycle makes possible for an organization to create in a short time period a new PMS, which will improve the organization's results dramatically. To have the required results from the application of performance management system, the organization should pay attention to all three stages of the performance management cycle, in order to increase the chance of a successfully implemented and used PMS [15].

Performance Management Plan Principles: For effective performance management system, management must keep certain guidelines in mind. These guidelines may help in proper working and avoid much confusion during work. Experts have suggested the following principles:

(a) **Continuous Feedback Coaching and Communication:** Performance management is considered a continuous process, not an event. As discussed before it is a real journey with long term objectives. For its proper and effective working, the principles of continuous coaching and feedback should be integral to success. These will definitely coordinate the related activities properly [14].

(b) **Effective Communication:** The Performance Management Plan gets all stakeholders on the same table, line managers, supervisors, experts and consultants. To coordinate between them a proper timely and effective communication is needed. This effective communication will ensure mutual understanding of work responsibilities, priorities, and performance standards and measurements. And this kind of communication provides the proper alignments re-

quired between all stakeholders and facilitate the engagement and early detection of any issue to be tracked [15].

(c) **Discussion and Evaluation:** The discussion and evaluation should be included and cover the nature of jobs, assigned tasks, competencies needed to perform these jobs, major duties and responsibilities and the performance standards all with the estimated timelines to be sure that all are done on time. These must be specifically defined and communicated as the first step in the process. [14].

(d) **Performance Standards:** Performance standards for each major duty/responsibility must be defined and communicated to all concerned stakeholders. These standards should be decided in the discussion with line managers, employees, experts and consultants. The performance standards should consider all the levels of performance low, high and average. This is to be able to perform a fair evaluation and developmental plan for each task and employee according to the pre specified performance standard and competencies. These must be feasible to achieve by an average performer [13].

(e) **Employee Involvement and Development:** As the employees are the main stakeholders for performance management application. The management must keep in mind that they must be involved at every step. And all efforts must be there for their development and improvement at work. They must be motivated to develop their competencies, be involved in the jobs and give best output to contribute in achievement of the organizational goals. Without proper involvement, engagement and development of employees, all the efforts will be ineffective and without any results [13].

(f) **Fair Performance Evaluation:** The evaluation of the performance of people at work should be carried out timely. It should be fair without favor and fear. If it is done so then the exact picture of the performance given by the employees will be clear. Otherwise misleading result will be there. The very objective of the performance measurement will not be served. The performance evaluation should not be frequent but at least annually it should be carried out because it is time and efforts consuming.

(g) **Proper Documentation:** The principle of proper

documentation should be considered an important principle for effective working of the plan. The plan should be drawn and documents should be prepared. It should be communicated for all concerned parties. Proper documentation and archiving are to be maintained. Further, proper documents of Performance evaluation are needed for further actions. These documents and archiving are not prepared then whenever confusion is there the documentary evidence cannot be given and management has nothing to refer in case of doubts arise regarding past decisions taken.

(h) **Performance Evaluation for Every One:** The performance appraisal of all employees should be carried out. It is not only applicable to lower and middle levels. It should be applied to the top level also. The senior level performs must be evaluation on the basis of the successful administration of the plan and ongoing performance management responsibilities.

(i) **Training for Managers, Supervisors and Employees:** The training should be available for everyone in the organization. It should be encouraged. It will keep the knowledge of the employees up to date and encourage them to participate more with effective fruitful solutions. As every day, there is a change in the technology, working procedures and new methods, the present competencies become outdated. This has the effect on the performance. Special importance must be given for training of all levels to make them competent with the new systems.

(j) **Consistent Performance Management Plan:** The plan should be consistent and of certain stability degree overtime to be able to have the proper judgment of the system, KPI and goals settled. It should not be changed frequently. Further, should be consistent with guidelines and laws of the industry and the country. If proper attention is not given to this principle then confusion can be created among people those who are involved in performance management directly or indirectly. Which make all the efforts inconvenient for the employees.

The Importance of Performance Management Application for Organizations

Performance management creates values: The performance management is not considered only as an evaluation and documentation tool, but also as a strategic tool. The

high-performing organizations require effective performance-management systems to promote and develop the necessary values, principles and competencies, the application of the performance management system used as a change toll in this aspect, to change the organization values or create new ones [16].

Performance management creates significant value within a highly educated workforce through bringing together individual capability and expertise to focus on delivering the strategy, in another word the commitment environment that the performance management system create , to establish your goals , to follow and finally to achieve them in a planned manner . there are arising complains such as claim that there are obstacles to success such as routine complaints of “time-wasting” and “pointlessness” can be overcome by wide and deep understanding of the performance system , deep engagement with employees throughout the design and development of the approach[17].

Performance management benefits the organization and the employees themselves: A performance-centered approach convert the organization from head held to hand held information, this way provide people with the option for training to solve problems. The employees became on the threshold of the information utility. This is due to the documentation and system application in every step of the performance management. No more any employee control the process, the process is actual controlled by the SOP's and job specification and description.

It is the age of the handheld device. By holding information, learning and performance support in the hand and retrieving it efficiently, no longer need to recall or memorize many facts, just learn to learn access and apply knowledge, in this way there is a huge change in the organizational performance and also the employees themselves [18].

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Concerns the systems established for collecting and processing data that enable regular measurement. this can involve computer programming to capture data already

within a system or implementing new procedures, so that information currently not recorded is captured or it can involve new initiatives such as the introduction of an employee survey. From another aspect the computer system issues may be considered as an obstacle to the full implementation of performance management within organizations [19].

The open communication and trust in performance information is critical. The benefit of implementing a performance management system was the change in employees' behavior; it encouraged a 'tolerance to failure', improved transparency of information and improved vertical and horizontal cooperation. As a result, the culture at the company was perceived to 'move from a reactive and command-and-control culture to an open and proactive one'. That is how the organization itself can benefit from the performance system application [15].

Performance management as competitive advantage: The change in values, competencies and principles of the organization reveals how to make performance management a source of competitive advantage representing in the behavior of the employees and the organization. It is the competitive advantage comes from the internal processes, in another word that the organization becomes self-managed by its system not by individuals. This is the huge competitive advantage for any organization [16].

The approach today is to manage the competitive intelligence (CI) and the business intelligence (BI) through managing the performance of the organization, today the alignment and conjugation between these three approaches is very important for any organization to have a real core competitive advantage, this is really what makes the harmony throughout the organization.

For years the performance management systems have focused more on administrative processes rather than meaningful performance conversations, the act of eliminating ratings assumes that a 'process mechanics fix' is the cure. Years of research looking at ratings formats and training reveals that tinkering with process is a waste of time. Instead, effort should be thrown into building a performance culture. [14]

As there are a lot of drawbacks arising from the traditional annual appraisals which neglect the return of people development, the need for agility and the centrality of

teamwork. Ideally, conversations and discussions between managers and employees occur when projects finished, milestones are reached, challenges achieved, and people succeeded to solve problems in current performance and also set the developing skills for the future [21].

A performance culture is one where performance excellence is the norm. The elements constitute what is valued by the employer and is integrated into day-to-day life in the workplace. Manager capability is vital; although executives create and embed this culture, managerial behaviors and actions operationalize the cultural elements into reality. A great manager is a catalyst, transforming the raw potential of their staff into optimal performance excellence. And this the real competitive fortune for any organization represented in its talented employees [14].

Defining and measuring alignment in performance management: Alignment is an important factor in the implementation of performance management system. Alignment must be assessed with a multi-dimensional model that looks beyond goals and performance. Distinctions must be made between the normal processes and between alignment required, as the alignment and culture context are deeper degree of the understanding for organization goals and process, like the conversion from just an action to be converted to be a habit [22].

The most important issue these days regarding performance management is the discipline by tracking its evolution at strategic, operational and individual levels, in another word the alignment on the three levels. It enables the re-discovery and re-definition of performance management inside the organization and also, the integration of several key drivers, brought together under an integrated performance management system. Three stressing approaches to performance management are considered these days as potential catalysts to increase the evolution of discipline: systems thinking, fast continuous learning and integration. An integrated performance management model is also proposed to include the three evolved approaches which transfer any organization to a new era with a lot of success and challenges [23].

A wide, organizational perspective on the area of developing people's contributions is presented. The need to relate all people development activities to the company's

longer-term corporate and human resource planning activities is stressed. The need to develop people as members of teams, as well as individuals and to improve each individual's performance and the managerial skills within the organizations are very important in controlling all efforts of the organization [24].

The importance and impact of information technology systems on organization performance management Clarifying that end-to-end visual strategy and performance management approaches are effective in: supporting ongoing strategy development and implementation; facilitating performance measurement and review; improving internal and external communication; enabling people engagement in the strategic thinking process; enhancing collaboration and integration among different units and levels; supporting cultural changes and fostering innovation. Successful long-term implementation of a visual management system requires an appropriate organizational culture and tools investment. Therefore, longevity of the tool and embedding of this approach in the organization should be investigated [25].

Performance Management as a strategic tool

Performance management impact as a strategic tool on the organizational performance: The performance management system has to be a strategic management tool and system rather than a measure for the strategy, it has to help the organizational strategy to be achieved [12]. The target of the performance management system is managing performance improvement through focusing on the underlying drivers of performance, whether improvements in the processes or the underlying resources that give these processes capability, by this way we can use the strategic management system as a tool to achieve the required organizational excellence translated in zero waste and resource optimization on all the organizational level. The past trend with pure financial performance measures is decreasing and there may be recognition that there is a tradeoff between hitting today's financial results and sustaining the capabilities and competencies that allow companies to compete effectively in the future. This is considered as a major difference between the old and new trend in the performance management [25].

There is a reality that the impact of performance management on performance differ according to the physical and formal systems used. These differences observed between the high and average performing cases was in the way they managed with the measures. Average-performing business units used the performance measurement system as a simple control system, whereas, high performing business units were using the measurement system much more interactively, from here there is the fact that the performance management as a strategic tool can be used as a change tool for the organization to change the whole organization behavior, not only a simple measure tool [25].

Many organizations create project teams to implement performance management processes and dashboards before they are ready. The question now is when the organization considered be ready to put meaningful metrics in place to assess performance and derive the promised benefits? The below discusses the organization's foundation for performance management readiness and the impact of performance management systems on the organizational performance as a strategic tool.

The use of performance management as a strategic tool include the preparation and readiness of the organization to accept the performance management as a solid part of the organization strategy, a way of organization excellence and improvement as general, the following concepts should be taken in consideration while setting and assessing a foundation for a mature performance management framework for the organization [25].

The application of the performance management system as strategic tool has a lot of impacts on the organization as strategic impact, operation impact, process and data impacts, every item will be discussed separately.

Strategic impact: To implement the performance management systems as a strategic tool, the organization strategic readiness should be detected and measured to be sure from the acceptance of the organization to implement the new changes. Strategic readiness and impact for performance management is defined as a state where the vision, attitudes, motivations, and culture necessary for performance management are in place. The strategic impact can be dis-

cussed in multiple components, which are building blocks that must be in place for an organization to support and grow performance management:

- Commitment
- Performance improvement is a priority for the organization
- Employees passion to be the best and a part of the organization excellence
- Culture of respect that includes the aspects of process, standards, and evidence-based decision-making [25].

Commitment: Two aspects were identified for executive commitment necessary for setting and achieving organizational performance improvement goals: being committed and being a champion. The most important commitment is the executive leadership commitment to the strategic plan; this approach includes the definition and documentation of executive vision, goals, objectives, and strategies. This involves the breaking down of the large goals into smaller ones, drivers and responsibilities. Many performance improvements require the organization to redesign work processes or approach situations with a different view. Doing this successfully requires strong leadership to champion the change. Therefore, the second issue regarding the commitment is to have a champion who can make the vision real and having the passion to lead the change across the organization, this champion will be the change agent for the performance management to transfer the organization from certain point to another, to create new values and change the old values and behavior, it is the one leading by example [25].

Performance improvement is a priority for the organization: All performance improvement efforts require an investment of time and resources, and for most organizations, these resources are limited. The controlled, resource-based approach provides an organization the ability to create a sustainable performance management effort and increases the likelihood of achieving performance improvement goals [25].

Employees' passion to be the best and a part of the organization excellence: Employees with a passion for great work will naturally have a passion for performance

improvement and encourage more the performance management systems in the organization. Motivated employees are likely to embrace changes and challenges and never to see the performance management as a burden by the organization and top management. This acceptance is important to strategic readiness as it enables change at the very root of the organization. Staff closest to the work has an inherent understanding of how to best measure performance. With an engaged staff, the organization set more reliable measures that achieve the required results on organizational performance [25].

The goal is to help employees and the organization to be more successful and to engage .Them in the success and growth of the organization. The performance management process as a strategic tool helps to align talented people with the organization priorities and future opportunities [13].

Culture of respect that includes the aspects of process, standards, and evidence-based decision-making: The culture that values process and standards is crucial for the success of a performance management implementation. The presence of documented processes and performance standards that are followed regularly creates an excellent opportunity for organizational achievement of performance improvement goals. Without this foundation, the organization will have a hard time determining whether its performance is improving, excelling, or failing in relation to the goals improvement. [25].

And, again the old concept of Kaplan and Norton: "If you are going to ask a division or the corporation to change its strategy, you had better change the system of measurement" [12].

Operational Impact: For the successful performance management application, the organization should prepare itself by the operation readiness to accept the performance management as a critical part of the strategy, that is the way the performance management system can affect the operation and has a great operational impact .An organization measures its performance in order to answer two related question if the organization is Meeting or exceeding the goals had set before and the second question is what improvements necessary for the organization to meet or exceed the settled goals?

Fully formulating these questions requires that the organization's goals and strategic outcomes be well defined, and that the capabilities to measure and improve performance are in place [25].

Along with the strategic readiness, we also need to have the defined capabilities in place, or what we are calling operational readiness. The operational readiness can be defined as the organization's processes, structures, and data are mature or not. Data readiness and collection is considered one of the min milestones for the development for any organization. The data give an overall image about the performance of the organization, resources used, and ways of improvements. The most important four elements of operational readiness that must be achieved before performance management application and can deliver value and remarkable change to the organization:

- Managing and controlling scope, schedule, and budget
- Managing resource assignments
- Assessing product quality and customer satisfaction
- Data readiness for performance measurement

Managing and Controlling Scope, Schedule, and Budget: Scope, schedule, and budget management as the triple constraints because they are strongly interdependent. And it is so difficult to achieve the optimum of all of them; they called as the impossible trinity as organization should tradeoff between them according to the planned targets. A change to one always necessitates a change to one or both of the others [25]. Process readiness for assessing product quality and customer satisfaction.

For Assessing Product Quality and Customer Satisfaction: Product quality refers to the characteristics of a deliverable, other than the triple constraints, that affect customer satisfaction and acceptance. An organization could build quality into a product, for example, by adhering to standards designed in response to customer perceptions and assessing adherence through product reviews. We find that an organization must have standards for product quality and the ability to assess adherence to those standards, even if they are measured only in "pass-fail" terms, before quality performance measurements will have benefit. [25].

Customer satisfaction refers to the customer's per-

ception that the product, service, and/or interaction with the organization meets, does not meet, or exceeds their expectations. The ability to measure customer satisfaction is not a prerequisite for initiating a performance management program. However, we find that an organization will more readily adopt performance management metrics in this area if it has prior experience with soliciting, collecting, analyzing, and responding to both positive and negative customer comments [25].

Data readiness for performance measurement

Having the processes described above in place is one of the two strongly intersecting components of operational readiness. The other is data readiness. Without data describing current and past performance, an organization cannot confidently state that it will meet its goals, that performance is improving over time, or that it can effectively isolate and correct process problems affecting performance. For an organization to use data effectively for performance.

- **Comprehensive:** Collected for all performance topic areas of interest.
- **Comparable over a project lifetime:** Reliably informs an evaluation of project performance against planned performance.
- **Comparable across project iterations:** Reliably informs workload and resource Forecasting, project planning, and future project performance Data readiness includes collecting performance data with these characteristics, maintaining current and historical data in a secure repository, and ensuring that the data is accessible for the organization's decision makers. The maturity of processes for using this data by the decision makers is only marginally important for determining data readiness, although we find an implementation of performance management will be easier if that maturity [25]. From the above, the organization has to assess the degree of readiness to use the performance management as a strategic tool , when the organization reach to the degree of readiness and well understanding strategic and operational readiness to implement performance management, the organization has a great steps in the strategic management using the performance measurement [25].

- **Performance management considerations:** Organizations and their needs vary according to the nature of their culture, and there is no one way to implement performance management. Below are some considerations for building a performance management roadmap.
- **Performance management is a process that is built on other processes:** A performance management implementation is more likely to succeed and generate meaningful data when the organization is strategically and operationally ready. Performance management requires effective change management and communication plan. The roadmap should include efforts to educate staff on performance management. Many staff members believe that they will be personally measured and judged. Proper communication and education will help overcome fear and reduce resistance to performance management and from the change in general [25].
- **Performance management requires time and cannot be in a day:** The readiness for the organization to start the performance management required evaluation for the organization; weaknesses may be detected in organizational readiness, which is not an excuse to delay the start of that journey. Even as these weaknesses are being addressed, the roadmap could include the organization looking at what they do or can measure now, comparing that to their strategic goals and objectives, and begin planning for what they should measure in the long-term. The roadmap should also reflect the organization's maturity and capabilities. Setting realistic expectations will help staff to achieve success and keep leadership from abandoning the project before it can be of value. Additionally, identifying quick wins will keep staff engaged in the process. The performance management cannot be applied as one shot or the results cannot be seen immediately. It is like a long term journey [26].
- **Performance management requires a significant investment:** The roadmap should include activities for developing measure frameworks and selecting the metrics with the highest priority and value for implementation. These steps will help the organization focus their resources on the best return for their investment. It is a

tradeoff between spending money and sustainability of results via the application of performance system [26].

Conclusion

As organization transformation becomes increasingly important to remain competitive, the ability to identify, measure and integrate a multitude of performance indicators is valuable. It provides both a measurement of the organization's current position within the industry, as well as prioritized focus for how to improve performance. Because it is quite difficult to demonstrate causality between improving assessment indicators and improving overall organization performance, assessments must be chosen based on a range of other qualities. Most important is that the assessment tool reflects the overarching organization values and intentions [27].

So, performance management is not just an evaluation or documentation tool, it is a crucial business driver that helps to achieve business result. An efficient PMS can boost the firms to maximize the employee performance. An effective system should be such that it can encourage an Organizational climate of trust, autonomy, collaboration, communication and team work, all of these parameters leads not only to achieve the organization strategy but more to reach the organization excellence. It is important for an organization to have such system that not only identify and recognize the top performers rather help the employees and organization to achieve sustainable growth as it depends on the continuous improvement and evaluation. Most of the modern day organizations identify this need and are spending a huge amount of money to develop and implement an effective Performance Management System still a huge amount of variation can still be noticed in the employees' performance. In order to gain the competitive advantage, the organization's performance management system should be designed in such a way that it can connect the employees' performance expectations to that of the organization's goals. While concluding, it can be summarized that the performance management system is not only a mean of knowing that if the employee's' behavior is consistent, but also an Important and strategic organizational tool to link the employee activities with the goals of the organization [28].

The literature reviews discussed how the performance management system in the contemporary manage-

ment help to increase the efficiency of the TQM systems, how to help in creating and establishing the organization values, how to improve the results for the employees and organization itself and finally how the organization has a competitive advantage in the internal performance and internal processes [29].

The literature review discussed the key success factors to reach the successful performance management; these factors are summarized in the formation cycle for the performance management system itself which include three steps: goal setting, feedback and reinforcement when the organization applies these steps, it draws its roadmap and strategy. Another success factors for the performance management system are represented in systems themselves, learning, integration and how to define and measure alignment between stakeholders in the organization [30].

The aim of the application of performance management strategy is to achieve a sustainable way to obtain the results throughout the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competence requirements as discussed through the literature review. It involves the development of processes for establishing shared understanding and full knowledge about what is to be achieved, and an approach to manage and develop people in a way that increase the probability of achieving required goals on the short and long term objectives. The proper evaluation for the human resource inside the organization can increase the motivation and commitment of employees and enable individuals to develop their abilities, increase their job satisfaction and achieve full potential to their own benefits and those of the organization as a whole. Unfortunately not all organizations provide opportunities for personnel evaluation which make the employees frustrated and in sometimes over-estimate themselves in the absence of the real evaluation tools [29].

The high performing business units were using the measurement system much more interactively; from here there is the fact of the using of performance management as a strategic tool not only simple measurement tool.

The performance management application has a great effect on the organizational strategy representing

in a state where the vision, attitudes, motivations, and culture necessary for performance management are in place which has a great effect on the performance of the organization and create a state of working forward the required goals [25].

Performance management is a process that is built on other processes, require time and investment. There are a lot of guidelines and stages of readiness have to be followed to have an effective performance management system. It is like a continuous journey that aims to have successful goal alignment as a one team, achieve excellence through reaching to resource optimization and zero waste.

This literature review tried to discuss the gap between desired Results and actual results in the performance management and the effort targeted at closing this gap via discussing how to use the performance management system as a strategic tool, but at final there is still a gap between desired Results and actual results, this gap comes from the human factor, culture of the organization, and other factors which need to be discussed in a separate literature review and may require specified applied business research according to the status each organization and case.

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