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Learning outcome [Activity 1]

1.1 Purpose of performance management

The main purpose of performance management can be demonstrated as the improvement of individual performance to achieve business goals. As per the case study, Netporter.com, a multinational electronic commerce, and distribution company, situated in London that involves two main purposes for performance management. As stated by Alnoukari and Hanano (2017), the purpose of performance management is the establishment of a "high-performance culture" for the achievement of business objectives. The alignment for individual objectives with organizational objectives manages to achieve business goals. The purpose of performance management is to identify the development of the capacity to meet expectations.

Another purpose of performance management is to motivate employees through constructive and positive feedback and discussion. The purpose of performance management is to identify the strength such as consistency, motivation, and organizational feedback, and weaknesses such as performance standard and development that are needed for achieving business goals. Performance management helps the manager to manage the talent for the success of the business. As per the case study being the world's largest online retailer for fashion, cosmetics, and luxury goods, the organization identifies the development need for performance management. The purpose of performance management is to identify the evidence and address unsatisfactory performance. The purpose of performance management is to agree with forward-looking objectives and action plans (Bruskin *et al.* 2017). The organization also sets new objectives for performance management. The two important purposes of performance management are as follows:
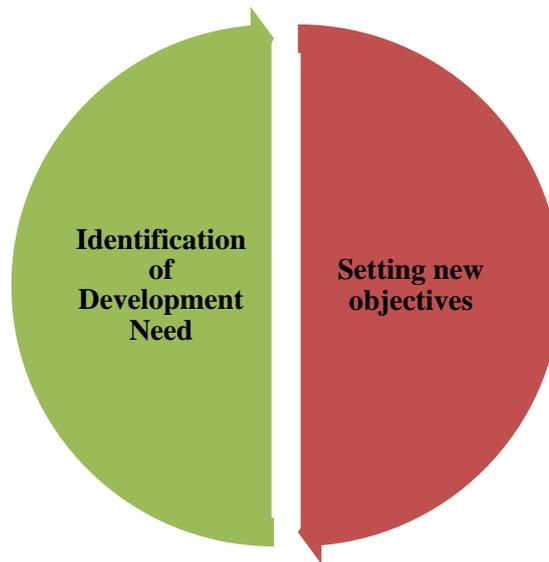
Figure 1: Purpose of performance management

(Source: Byukusenge and Munene, 2017)

Identification of Development Need:

Identifying development needs and creating the plans helps managers to improve organizational performance by developing individual performance. The techniques that Netporter.com uses involve "***direct observation assessment"*** for development and consultation with workers with specific knowledge and study of records and reports. In the words of Byukusenge and Munene (2017), employees with good communication skills and skills in information technology can increase the performance of a business organization. An employee's performance can be measured by skills of business management, marketing, and sales. As described in the case study the development of performance in the specified company is dependent on an understanding of the plans and priorities of particular departments. The performance of different roles of different departments is evaluated by individual objectives. It is also important to understand the knowledge, experience, skills, behaviors, and attitudes of individual employees for improvement of performance.

The performance of an organization can be easily increased by meeting regularly with staff. As opined by Jayakrishnan *et al*. (2018), the ways by which a company can increase its performance include employee training programs. Industry training helps employees to involve with new products, processes, or equipment. Job training is needed for the employees to the job details. In this section warehouse training is also important. Personal development including emotional intelligence training, mental health first aid training, and leadership skills can gradually increase the performance of the aforesaid company. Development need is

crucial for maintaining satisfactorily working conditions with different team members. A detailed conversation with employees and setting a clear idea about the goals and expectations of the employees make a clear vision for performance management. Conducting organizational tasks and analysis of works also increases the performance of employees. Creating personal development plans for individual employees leads organizations to achieve their goals (Pieket Weeserik and Spruit, 2018). Updating new software systems that are easy to handle by employees also develops the performance of management.

Setting new objectives

The setting of new objectives fails to be implemented as staff fails to show interest within the organization and they are not interested in attaining ay social events.

The objectives of performance management include the key objectives of quality, speed, dependability, flexibility, and cost. The objective defines the clear roles of expectations and goals. Performance management increases employee engagement. The objectives set the right expectation for managers and employees. Performance management primarily affects communication between individuals and teams. Performance management sets performance standards (Korenková *et al.* 2019). Performance management sets the objective of determination of individual training and performance plans.

1.2 Components of the performance management system

Organizations across the globe are found to manage the performance of their employees through using various elements or strategies such as formal and informal reviews, training, implementing accurate policies, setting objectives, and providing guidance (Talebi and Bahri Sales, 2018). The "Warehouse Operative" from the "Netporter.com" can focus upon the following three elements of "performance management system" while managing the performance of the team members:

Components	Descriptions
Informal and formal reviews	Formal and informal reviews conducted by organizational leaders play a vital role in managing the performance of the organizational workers through informing employees about their goal achievements, performance gaps, and improvement areas. As stated by Fauzi and Afirianto (2018), formal reviews are generally conducted by firm management through following certain methods such as "management by objective", "360-degree review" "checklist

method" and "self-evaluation". These methods allow firm managers to gather information about performance progress rates of the employees and inform the same to the employees to help them improve their GAAP areas and show progress in their work. Managers set certain goals and objectives based on the review results for the employees to be filled in by them within a certain period for availing good appraisals and promotions in terms of level upgrades or salary hikes (Dachner *et al.* 2021). However, the formal performance review methods are often found to generate negative impacts including dissatisfaction amongst the employees or declined morals of the employees that in turn result in employees shifting to other firms or show further degraded performance levels.

The main reason behind the occurrence of the negative impacts of formal review methods is the performance objectives set by the firm managers for the employees that are found to be unrealistic or unachievable by the employees since managers often set the same without considering the opinion of the employees (Schleicher *et al.* 2019). Moreover, results of the formal performance review methods are often announced by firm managements on a formal basis over organizational portals that expose weaknesses and poor performance levels of employees to others and thereby lowers the morale of those employees. Thus, the "Warehouse Operative" from the "Netporter.com" needs to ensure conduction of formal performance reviews of the team members while setting their future performance objectives as per discussion with them about the achievability of the same and releasing the review results in a customized and private manner within the employee's HRM portals.

Informal reviews at the same time help managers to boost

	the performance levels of their employees without affecting their morale or satisfaction levels and rather motivating them to put their best efforts into their jobs. As stated by Darbi *et al.* (2018), informal reviews are generally done by firm managers through conducting personalized meetings with individual employees during any time of financial year irrespective formal appraisal period to reduce the pressure of appraisal of the employees. Managers discuss outstanding achievements of the employees and recognize the same to boost employees' morale and then offer guidance to improve their performance loopholes. Thus, the "Warehouse Operative" from the "Netporter.com" can arrange informal meetings with the team members for reviewing their performance and thereby explaining to them the importance of "best in class' benchmarks" and guide them to achieve the same.
Training and development	Training and development are another important element of performance management of organizational workers since this method helps in educating the employees about new organizational operations or technologies and guides them to adapt with the same within a short span. As suggested by Janev *et al.* (2018), training and development methods allow organizational managers to train their employees about innovative and proper ways of performing specific operations or any changes function implemented within the firm and provide answers to their queries about their performance gaps or new operative technologies. Thus, employees become aware and accustomed to proper ways of working and new operational processes that help them to perform in the best possible manner in the future. The "Warehouse Operative" from the "Netporter.com" can organize training and development sessions for the employees to make them aware of the necessity of

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	participating in social and charitable events and encourage them to participate in the same. Grievance management techniques can also be taught to the team members by the "Warehouse Operative" from the "Netporter.com" that would help to improve their productivity levels.
Appropriate policies and procedures	Implementation of appropriate HRM policies and procedures by firms also plays a vital role in managing performance levels of the workers through boosting their motivation levels and generating a sense of belongingness amongst the workers towards the firms (Saeidi *et al.* 2019). Proper policies related to grievance handling, leave management, performance appraisal methods, promotional tenure followed by organizations impact directly the performance levels of the employees by encouraging them to put their best efforts towards their work. The "Warehouse Operative" from the "Netporter.com" can approach the HRM division of their firm to implement flexible leave, appraisal, and grievance management policies to improve the low-performance levels of the team members.

Table 1: Components of the performance management system

(Source: Schleicher *et al.* 2019)

1.3 Analysis of relationship between motivation and performance management

Strategies followed by organizations to motivate their employees to play a major role in improving performance levels of the employees and retaining the workers for long within the firms (Van Iddekinge *et al.* 2018). The following two theories help to explain the impacts of employee motivation over managing performance levels of the organizational workers:

Maslow's Hierarchy of human needs
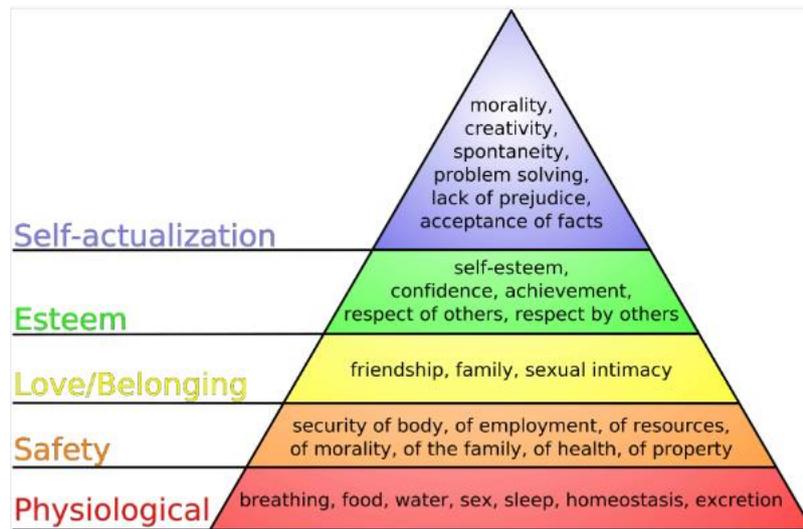
Figure 2: Maslow's Hierarchy of human needs theory

(Source: Abulof, 2017)

This theory explains the various levels of employee motivation done by organizations to encourage them to show high productivity levels and generate a sense of belongingness amongst the workers towards the firms. In the words of Velmurugan and Sankar (2017), there are five different types of needs such as "physiological needs", "safety needs", "love/belongingness needs", "esteem needs" and "self-actualization needs" held by organizational workers the fulfilment of which by firms motivate them to show high-performance levels. For example, salary and compensation provided by the organizations to the workers contribute towards fulfilling their physiological needs such as "clothes, food, and shelter" and thereby encourage them to perform their jobs properly and timely for being satisfied.

Job security and health insurance benefits offered by firms contribute towards fulfilling health safety-related needs of the workers and flexible work hours provided by firms contribute towards fulfilling the belonging needs of the workers (Abulof, 2017). Performance recognition and rewards arranged by firms help to fulfill the esteem needs of the workers through increasing their confidence levels and allowing them to get respect from others. Career upliftment options provided by the firms contribute towards fulfilling the actualization needs of the workers through offering them to show creativity. The "Warehouse Operative" from the "Netporter.com" can focus upon fulfilling all these basic needs of the team members to increase their motivation levels and thereby extracting the best performance from them.

Herzberg's hygiene factor theory

"Herzberg's hygiene factor theory" describes the necessity for organizations to arrange two types of factors such as hygiene factors and motivational factors within their operations to ensure high motivation levels of the workers and extract their best performance levels. As opined by Alshmemri *et al.* (2017), hygiene factors often arranged by firms within their organizational premises include adequate salary or remuneration, security options such as health insurance, proper supervision of leaders and managers, flexible working hours, and leave policies. These factors play a vital role in satisfying the employee's needs such as financial, security, and belonging needs and thereby encouraging them to put their best efforts within their work.

At the same time, motivating factors such as "recognition of outstanding performance", "handing over critical job responsibility", allocating challenging job roles, and providing career growth options allow firm management to increase motivation levels of the employees and encouraging them to show creativity levels (Chiat and Panatik, 2019). The motivating factors generate a sense of loyalty amongst the workers and manipulate them to think out of the box and come up with innovative ideas for organizational growth. Thus, the "Warehouse Operative" from the "Netporter.com" needs to emphasize upon arranging all these motivating and hygiene factors within the firm's work process to increase loyalty and motivation levels of the team members that in turn would help to extract high-performance levels from the staff. *[Refer to Appendix 1]*

Learning outcome [Activity 2]

**2.1 Purpose of reward within a performance management system**

Motivation

Rewards offered by firms to the workers as part of the "Performance management system" help to increase the motivation levels of the organizational workers and thereby extract their best performance levels (Franco-Santos and Otley, 2018). The "Warehouse Operative" from Netporter.com can arrange rewards such as incentives and bonuses for the team members to increase their motivation levels.

Productivity

Organizations across the world are also found to offer rewards such as incentives to their employees upon achieving targeted performance and festive bonuses that contribute towards increasing the productivity of the workers (Rai *et al.* 2018). These monetary rewards offered by firms encourage the workers to work competitively to show the best performance levels that in turn increase organizational productivity as well. The "Warehouse Operative" from the "Netporter.com" needs to arrange similar rewards for the team members to improve their low productivity levels by encouraging them to perform better to avail monetary rewards from the firm.

2.2 Evaluation of the component of the reward system
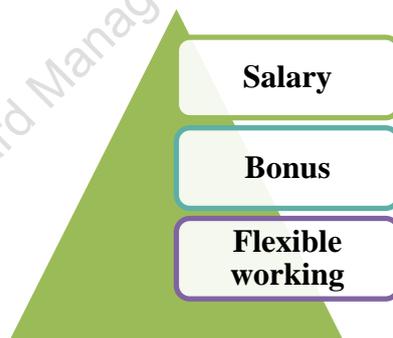
Figure 3: Components of the reward system

(Source: Hunt and Hayden, 2017)

Salary

Salary is an important financial component of rewards offered by firms to the workers that fulfill the financial and physiological needs of the workers such as "food, shelter and clothes" (Barik and Kochar, 2017).

Bonus

Bonuses offered by organizations during festivals are also financial components of rewards that help to generate loyalty amongst the workers towards the firms.

Flexible working

Flexible working hours offered by organizations to their workers is a non-financial rewards type that helps to increase engagement levels of the workers within the affirm by increasing their motivation levels (Hunt and Hayden, 2017).

Learning outcome 3 [Activity 3]

3.1 Identify and explain the factors that need to be considered when managing performance

Organizations across the world are found to emphasize certain factors including good and poor factors while managing the performance of their employees. In the words of Novita (2019), "promotions", "appraisals", "financial rewards", "teaching/mentoring/coaching others" and "deputizing for seniors" are some of the good factors arranged by firms around the world to keep their employees motivated and thereby extracting best performance out of them. At the same time, firms also need to focus upon certain factors such as common conduct such as "won't do" shown by employees for avoiding complex tasks to solve the main problem and avoid poor performance levels shown by the workers (Hearn, 2017). The "Warehouse Operative" from "Netporter.com" needs to focus upon "identification of a problem" such as lack of collaborative work environment and others causing employees showing the "won't do" conduct and accepting the problem, determine reasons creating the problem, determine the action required such as groups projects to solve the problem and avail agreement from the employees regarding the action (Savio, 2020). The "Warehouse Operative" also needs to arrange necessary resources for implementing the required action for solving the problem and then monitor the progress and gather feedback from the employees regarding successful implementation of the action. *[Refer to Appendix 2]*

3.2 Describe the data required by individuals involved in performance and reward management processes

The organizational professionals engaged within the "performance and reward management processes" of firms generally conduct the process based on two different data sets such as "internal and external" data sets. The "internal data set" includes "absence records" of the employees, "payroll costs" invested on each employee, and "staff satisfaction survey results" (Islami *et al.* 2018). The "absence records" of the employees help professionals engaged within the "performance and reward management processes" to determine high absenteeism issues existing within employees and provide them feedback regarding improving the issue during their performance appraisals. The data showing "payroll costs" invested by the firm on each employee help the professionals engaged within the "performance management processes" to compare the cost amount with the total budget investment done by the firm for employee management and thereby determine rewards accordingly (Minbaeva, 2018). The "staff satisfaction survey results" help in determining the grievances or expectations of the employees towards the organizational processes and policies and thereby identifying areas of

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improvement. "External datasets" at the same time, include "inflation rates of countries" and "Competitor pay rates" (Stanko and Henard, 2017). These two data sets allow professionals engaged within the "performance and reward management processes" to determine the percentage of pay rise offered to the employees and setting benchmarks for the product and service rates offered by their firms.

Learning outcome 4 [Activity 4]

4.1 Explain the frequency, purpose, and process of performance review

Successful "performance review processes" include the proper address of three basic factors such as "frequency, purpose, and process". As opined by Nazir & Islam (2017), firms are supposed to conduct a "performance review process" after a regular interval for their employees to assess the progress rates of their performance and check the proper implementation of the suggested actions for performance improvements by the employees. The "performance reviewers" from the firms need to explain the purpose of conducting the review process such as identifying performance loopholes of the employees or checking their suitability with any new change process or new organizational objectives, clearly to the employees before starting the review (Khan *et al.* 2018). The "process factor" of "performance review activity" includes a clear explanation regarding actions to be occurring before starting the process, actions to be occurring during the process and actions to be occurring after the process, provided by the reviewers to the employees.

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Appendices:

Appendix 1: Herzberg's hygiene factor theory

Motivators	Hygiene Factors
Achievement Recognition The work itself Responsibility Advancement Growth	Company policies Supervision Relationships Work conditions Remuneration Salary Security

(Source:
https://www.google.com/imgres?imgurl=https%3A%2F%2Fexpertprogrammanagement.com
%2Fwp-content%2Fuploads%2F2018%2F04%2FTwo-Factor-Theory-of-Motivation-
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Appendix 2: Factors to consider during performance management
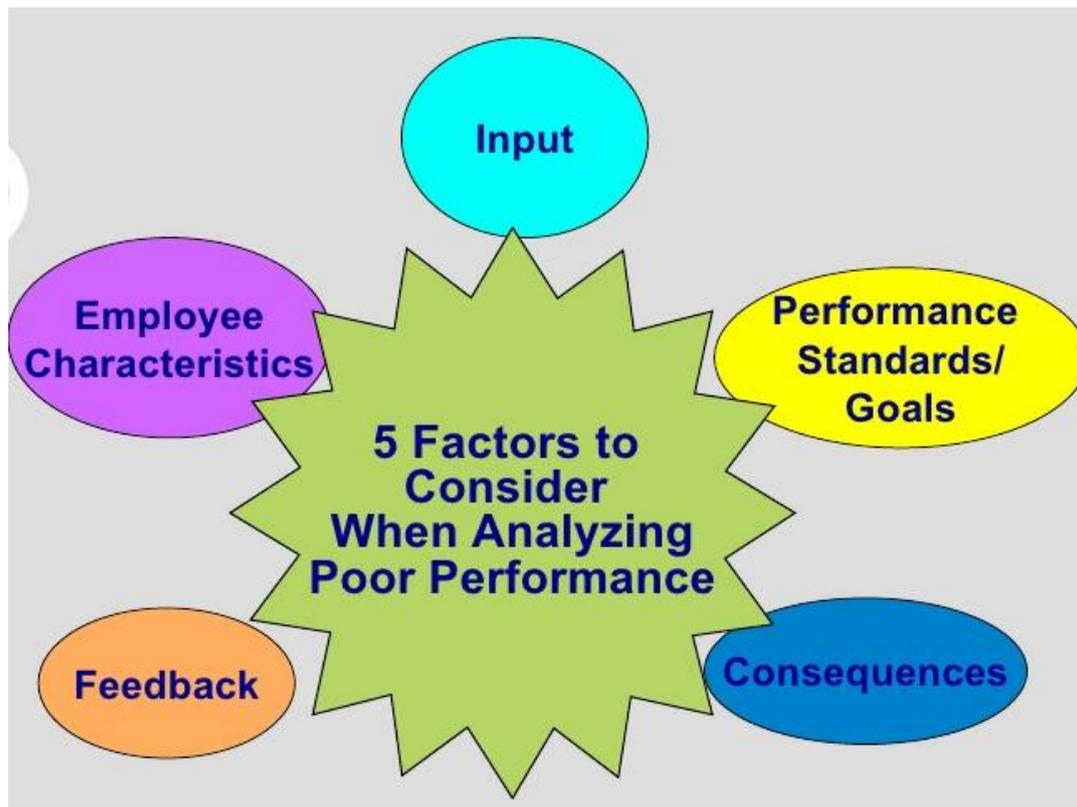
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728.jpg%3Fcb%3D1319495536&imgrefurl=https%3A%2F%2Fwww.slideshare.net%2FRici

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