

# Human Resources Management In Context

**Lecture Title :-  
Performance Management and Development**



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**Masters in  
Human Resources Management**

# Learning Objectives

- Evaluate performance management frameworks and their application in different organisational settings
- Assess the integration of employee development strategies with performance appraisal systems
- Design effective appraisal and development processes aligned with organisational goals



# Performance Management Definition

“Performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization.”  
(Aguinis, 2019)



# Group discussion

**Why do you think that performance management is important?**

**Did you ever have a positive or negative experience with a performance management process that you were involved in?**



# Performance Management's Basic Elements

Direction  
sharing

Goal alignment

Ongoing  
performance  
monitoring

Ongoing  
feedback

Coaching and  
developmental  
support

Recognition  
and rewards

# Historical Evolution of Performance Management

Pre 1990's –  
Informal  
Evaluation

1910's – 1940's –  
Early Scientific  
Management

1950's – 1960's –  
Formal Appraisal  
Introduced

1970's – 1980's –  
Goal-Oriented  
Systems

1990's – Strategic  
Integration

2000's –  
Technology &  
Competency-  
Based Models

2010's – Present –  
Continuous &  
Agile Performance  
Management



# Historical Evolution of Performance Management

## Pre-1900s – Informal Evaluation

**Context:** Performance was assessed informally by supervisors based on subjective judgment.

**Focus:** Loyalty, obedience, and attendance in industrial settings.

**Characteristics:** No formal systems or metrics; feedback was rare and undocumented.

## 1910s–1940s – Early Scientific Management

**Key Figure:** Frederick W. Taylor (Scientific Management)

**Development:** Emphasis on productivity, task standardization, and efficiency.

**Performance Appraisal:** Began to emerge in military and industrial contexts, focusing on output and discipline

# Historical Evolution of Performance Management

## 1950s–1960s – Formal Appraisals Introduced

**Development:** Introduction of formal Performance Appraisal systems in business.

**Methodologies:** Trait-based and rating scale evaluations.

**Limitations:** Often annual, top-down, and focused on evaluating rather than developing employees.

## 1970s–1980s – Goal-Oriented Systems

**Key Concept:** Management by Objectives (MBO) – Peter Drucker.

**Shift:** Focused on setting individual goals aligned with organizational strategy.

**Emergence:** 360-degree feedback and more structured, developmental feedback models.

# Historical Evolution of Performance Management

**1990s – Strategic Integration** Trend: Aligning performance management with business strategy and culture.

**Development:** Rise of Balanced Scorecard (Kaplan & Norton) linking individual performance to strategic outcomes.

**Focus:** Integration of appraisal with training, rewards, and succession planning.

## 2000s – Technology and Competency-Based Models

**Innovation:** Adoption of HR software and online appraisal platforms.

**Focus:** Competency frameworks, behavioural indicators, and employee development.

**Limitations:** Still largely annual and retrospective.

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# Historical Evolution of Performance Management

**Current Focus (2020s):** Holistic, Inclusive & Strategic

**Characteristics:** Integrated with employee experience and organisational purpose  
Data-driven and AI-enhanced platforms

Emphasis on inclusivity, psychological safety, and personalized development

# Key Performance Management Frameworks



**Balance Score Card**



**Management by Objectives (MBO)**



**360 Degree Feedback**



**Continuous Performance Management**



**Agile Performance Management**

# Balance Score Card

Developed by Robert Kaplan and David Norton, the Balanced Scorecard is a strategic performance management tool that translates an organization's mission and strategy into a set of performance measures.

- The tool balances financial and non-financial metrics and focuses on four perspectives:
  - **Financial:** How do we look to shareholders?
  - **Customer:** How do customers perceive us?
  - **Internal Business Processes:** What must we excel at?
  - **Learning and Growth:** How can we continue to improve and create value?

# Management By Objectives (MBO)

Introduced by Peter Drucker, MBO is a goal-setting framework where managers and employees collaboratively set objectives. Performance is then evaluated based on the achievement of these goals.

## Key Features:

- Involves SMART goals (Specific, Measurable, Achievable, Relevant, Time-bound).
- Encourages employee participation in goal-setting.
- Regular review and feedback cycles.

# 360 Degree Feedback

360-degree feedback involves collecting performance information from a full circle of sources — supervisors, peers, subordinates, and sometimes clients.

## Key Features:

- Multi-rater approach.
- Often used for development rather than evaluation.
- Provides a well-rounded view of performance and behaviors.

# Continuous Performance Management

This modern approach replaces or supplements annual reviews with ongoing check-ins and real-time feedback between managers and employees.

## Key Features:

- Frequent one-on-one meetings.
- Goal setting and adjustment in real time.
- Real-time recognition and feedback.

# Agile Performance Management

- Agile Performance Management (Agile PM) is a modern approach to managing employee performance that emphasizes **flexibility, continuous feedback, and alignment with fast-changing business goals**. It moves away from rigid annual reviews toward a **more iterative, collaborative, and real-time process**.

## Key Features –

- . Frequent Check Ins
- . Short Term Goals (“Sprints”)
- . Continuous Feedback
- . Coaching over Evaluation
- . Team Oriented & Transparent
- . Real Time Recognition



# Group discussion –

Which performance management tool is the best fit for the following scenarios? Give suggestions why.

1. **A fast-growing tech startup** needs a performance management system that can adapt quickly to shifting priorities, foster collaboration, and keep employees engaged in a dynamic environment.
2. **A large manufacturing company** wants to align employee objectives with corporate strategy while using a structured, measurable approach to track performance annually.
3. **A consulting firm** wants employees to receive well-rounded feedback on their soft skills and client interactions to support leadership development.
4. **A company that's moving away from traditional annual reviews** is seeking a way to build a culture of continuous development, real-time coaching, and regular goal check-ins.
5. **An executive team** wants a **strategic tool** to translate vision into actionable goals while ensuring performance is measured from financial, customer, and internal perspectives.



# Key Theoretical Frameworks in Performance Management & Appraisal

Theory	Core Idea	Application to PM & Appraisal
<b>Goal-Setting Theory</b> (Locke & Latham)	Clear, specific, and challenging goals lead to better performance.	Foundation for SMART goals and MBO-based appraisals.
<b>Expectancy Theory</b> (Vroom)	Motivation depends on the belief that effort leads to performance and rewards.	Ensures performance links to meaningful rewards and development.
<b>Equity Theory</b> (Adams)	People compare effort and outcomes with others to judge fairness.	Influences perception of fairness in ratings and rewards.
<b>Feedback Intervention Theory</b> (Kluger & DeNisi)	Feedback effectiveness depends on whether it targets the task or the self.	Emphasises task-focused, constructive feedback.

# Key Theoretical Frameworks in Performance Management & Appraisal

Theory	Core Idea	Application to PM & Appraisal
<b>Social Exchange Theory</b>	Relationships are based on reciprocal trust and perceived fairness.	Trust in managers and feedback processes affects engagement.
<b>BARS (Behaviorally Anchored Rating Scales)</b>	Ratings should be based on observable behaviour, not traits.	Increases objectivity and clarity in appraisals.
<b>Psychological Safety</b> (Edmondson)	People are more open to learning and feedback when they feel safe.	Encourages honest, two-way developmental conversations.
<b>Self-Determination Theory</b> (Deci & Ryan)	Motivation increases when autonomy, competence, and connection are supported.	Appraisals should empower employees, not control them.



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# Conducting Effective Appraisals

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# Conducting Effective Appraisals



# Ethical & Legal Considerations

- **Fairness and transparency** in appraisal systems
- **Documentation** of performance and development discussions
- **Equal opportunity** in training and promotions
- **Avoid discriminatory practices** (ensure performance criteria are job-related)
- **Confidentiality** of performance records

# Linking Performance Appraisal to Development



Performance Appraisal can be linked to development through :-



Training and Development Planning - *(appraisals reveal skill gaps and growth areas that can help set up an effective individual development plans).*



Career Pathing and Succession Planning – *(appraisals can identify high potential employees and therefore help to align individual aspirations with organizational needs)*



Reward and Recognition – *(performance ratings can be tied to bonuses, promotion, and other nonmonetary recognition like awards and visibility)*

# Group discussion

- What are the challenges of combining appraisal and development planning?
- Can feedback be developmental if it's tied to a rating?
- How can we structure feedback sessions to preserve psychological safety?



# Benefits and Challenges of Combining Appraisal and Development Planning

Benefits	Challenges
Holistic view of employee performance and growth	Balancing judgment with support can be difficult
Ensures development is aligned with actual performance needs	Employees may feel defensive or judged, limiting openness
Enables targeted training and development planning	May reduce psychological safety if feedback feels evaluative
Supports succession and career path planning	Employees may withhold weaknesses if ratings impact pay or promotion
Improves ongoing dialogue between managers and employees	Managers may lack skill to shift roles between evaluator and coach
Allows direct linkage between growth and rewards	Risk of development being seen as punishment for poor appraisal
More efficient – combines two conversations into one process	Can blur the purpose of feedback (development vs. evaluation)

# Group Exercise

**Design an effective appraisal development process aligned with organisational goals.**

**Refer to the provided worksheet and relevant theoretical framework to carry out this exercise.**



**(60 mins)**



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<https://youtu.be/KVgiNWq0kHo>

The Benefits of Performance Appraisal

[https://youtu.be/S3\\_VEy74Y98](https://youtu.be/S3_VEy74Y98)

Conducting Effective Appraisals

