

Developing Relationships and Workplace Achievements

Assignment 2

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Introduction

This report looks at the activity of different concepts on performance management such as: defining the concept, performance management cycle, 360 degree feedback, , Management by objectives (MBO), Individual Pay Related performance (IPRP).

The selected organisation to be evaluated is Zara. Zara is very popular among the fast fashion retailers from the high street. The brand is part of the Inditex group which gathers several other brands from the fashion industry. Zara is one of the industry leaders because of the unique design in line with latest trends, but at affordable prices. The organisation aims to deliver high quality through their products. They pride themselves with large stores with modern design where customers can buy womenswear, menswear and children's wear (Srirang, Veeramani, 2021).

Project idea for Zara

Zara is a strong competitor in the fast fashion industry. A project idea for Zara is to develop an app that customers can use to give feedback on products and design, to suggest ideas and present expectations. The app would have precise algorithms to transfer data collection into usable information for the organisation.

Performance Management definition

Performance management can be defined in various ways and does not have a standard definition. Performance management is the process which intends to maximise the value of the employees work. The management aims to keep at same levels the quality of work or when is the case to improve it. The holistically approach to the efforts and work done has to be in line with the organisation set of objectives. It involves setting objectives for the employees that are in correlation with the organisation strategies. It is aimed to improve the employees performance and implicitly the organisation performance. Another activity specific to performance management is the rewarding for all the efforts and objectives achievements, which can mean financial rewards, career progression or more drastically when the objectives are not met potential termination of contract. Performance management is considered to be a two-way collaboration, management and employees focusing on the progress towards established objectives. The process goes along with important principles and policies such as effective communication and feedback, learning, development,

mentoring, reviewing and monitoring with formal processes and planning, but the main purpose is to help employees to perform (CIPD, 2022).

Measurement of the performance has to be realised in order to compare progress, to determine quality, to ensure effectiveness and avoid waste of resources, but is not always straightforward and easy. To ensure effectiveness the employees have to present high levels of committed and eagerness to achieve the objectives. Also using the SMART objectives model will help establishing effective objectives. For performance management can be identified three main types: task performance, contextual performance and adaptive performance. The task performance refers to the core activities for the job, the contextual performance refers to the situation outside the core activities of the job. Adaptive performance refers to the innovative part of the job or the response towards new and various changes.

Zara uses the performance management to manage its employees and it helps the organisation to ensure effectiveness ad high levels of performance.

Performance management cycle

In an organisation the performance management should be cyclic and continuous two-way feedback and communication should be the base of the activities. The performance management cycle is the system used by the management to monitor the employees work, to offer guidance and training and to motivate them. A traditional approach indicates that the cycle should last a year, but that is not the case anymore as many organisations practice shorter cycles creating a culture of regular feedback. One of the benefits of the performance cycle is that it helps to build strong relationships between management and employees as are being part of the process with continuous feedback and encouragement to engage towards the common objectives. It can reduce the employees turnover by offering support for development and it can help identify and solve problems faster, whilst improving performance as continuous feedback imposes to keep up with the objectives (EngagedLY, 2022).

The cycle has four stages planning, monitoring, reviewing and rewarding. In the planning stage the the management elaborates the objectives that need to be communicated to the employees. It is followed by setting personal goals and targets, training and development which are more specific and it is better to exist a collaboration for this stage to perceive the reasoning and to get them involved. For this stage SMART model should be applied (Fig. 1) as this is very important for the organisation performance.

Figure 1 SMART objectives



The next stage of the performance management cycle is the monitoring. The flow of the stages and objectives achievement depends on the close monitoring ensuring contestant follow-up and providing feedback and support. Organising frequent meetings or even informal interaction with employees gives the chance for acknowledging circumstances and accommodating unforeseen circumstances which is another purpose of the monitoring.

The reviewing stage is characteristic for the end of the cycle and if all stages were realised correctly then this should be a formality. It would include reflection on the experience, the learning and skills gained and what other training and development should be implemented in order to improve. It should also review the goals, if there were achieved, if there were manageable or realistic.

The rewards stage ends the cycle and gives ratings to the employees. For negative results there are actions to warn the employees or even to termination. For the cases when objectives are met or even overachieved then it is very important to exist reward to ensure motivation and talent retention. When the cycle is completed it should begin a new performance management cycle (Fig 2).

Figure 2 Performance management cycle



360 degree feedback model

The 360 degree feedback is also called multi-rater feedback because it involves multiple feedback. In an organisation this model is used for appraisal of an employee by gathering information from work colleagues, managers, direct reports or customers. Usually this model is applied in order to obtain information of development needs and performance levels as it varies from an traditional appraisal assessed by the management. The employee assesses himself by answering questions in a survey format which is given to other respondents that know him also and give an all round view of the work performance. This can be useful for the organisations where the management does not have full visibility of the each employee contribution. Another benefit of this model is that by using a structures competency based questionnaire, no points are missed and also the open ended questions gives freedom to more explicit details. It is vital to maintain an objective and positive approach. The results of the questionnaire are transferred into a report which highlights self perception in relation to others and is the support for determining the future development planning. In Zara this model could be used to identify the training skills for the staff. The store managers could ensure questionnaires are responded by individual and work colleagues and also by customers who are really impressed with the customer service provided. The results of the questionnaire could

emphasis what the individual considers he needs to improve and what their colleague consider (Virtual Speech, 2018).

Management by objectives (MBO) model

Management by objectives (MBO) is defined as the sum of the strategies to align the employees objectives with the organisation objectives. This way the employees feel included and motivated to perform. By using the objectives as standards to measure the employee and the organisation performance the management and employees work together.

In the management by objectives process there are five main stages such as: developing and implementing objectives, in this stage objective are defined and “translated” to ensure clear understanding by the employees. SMART model should be applied when establishing objectives for effectiveness. A top-down approach should be the best way to communicate the objectives as it has to be in line with the organisation mission. Employees should get an understanding of their role into the bigger picture and achieving organisation’s goals. Another important stage is the monitoring process and the continuous check on the performance levels and productivity. The evaluation of the process is realised throughout employee performance appraisal to improve personal and organisation goals. This stage is defined by continuous exchange of communication between management and employees. The last stage of reward achievements can be the more exciting part for an employee and can be realised intrinsically and extrinsically. The hard work should be recognised and acknowledged by management in order to motivate and develop confidence for the employees, but also it could use monetary incentives or other tangible rewards.

It can be considered an outdated model for the more modern organisations, but is is a model used widespread.

The benefits of the model is that it simplifies the management structure, it increases productivity, motivation, team communication as teams work together towards the common objectives, it stimulates the individuals to reach high potential and contribute as much as possible.

In contrast the model is criticised for focusing too much on individual objectives and overlooking organisation’s values and ethics. Also it can be criticised for losing focus on strategies or even disregarding other important aspects from the organisation such as culture or operational issues. Competition to obtain financial rewards can interfere with team work and healthy dynamics (CFI, 2022).

In Zara it is practised this model and it works well for the organisation. Each section from the stores, womenswear, menswear and children wear have sales targets daily and at the end of the day each store knows how well it performed and if it did better than other stores. It is motivating the employees to perform and work as a team to have a high number of sales and that is rewarded by the organisation (Inditex, 2022).

Individual Performance-related pay (IPRP)

Individual Performance-related pay (IPRP) is defined as “the way of managing pay by linking salary progression to an assessment of individual performance, usually measured against pre-agreed objectives” (CIPD, 2022). Therefore the evaluation of individual performance is the criteria for the merit pay. The merit pay usually consolidates the basic pay and can be in the form of bonuses, wage and salary increase. It is very important for the employer to ensure the Individual performance related pay schemes are applied and implemented fairly and promises are delivered. The more current schemes apply to different aspects from the organisation such as being professional, collaborative, having certain skills, achieving targets etc.

Many organisations are applying this model in managing employees and is still a current and widespread method.

This management model encourages high performance because money are still the most important motivator for majority of employees. If the employees perform well, then the organisation performs and that means profits. This model determines a culture oriented to perform as not performing employees would not benefit of merit pay.

In order for this management model to succeed it is vital to have clear arrangements to measure and manage the employee performance and the management to maintain objectivity and consistency. The systems should be designed to support the IPRP model. The merit pay should be as a result of high performance and to create a high performing workplace culture. The involvement of the direct managers should be ensured from early stages in order to assess the employee performance and knowledge making the evaluation. Sometimes some IPRP schemes can demotivate when highly performer get benefits, whilst other don't or can arise tensions when unfairness is perceived.

In Zara the IPRP model is used to distinguish efforts but is more for management rather than staff floor. If a sales assistant distinguishes through time they can progress earn higher wages. Zara is oriented for a more teamwork approach rather than linking pay with individuals, but is a model that could be used to encourage the team to perform better.

Professional Development Plan

Development Objectives	Priority	Activities to be undertaken	Resources	Start Date	End Date	Criteria for Success
Developing Customer Service skills	Important	Training	On the job training by store manager	1st of Sept 2022	14th of Sept 2022	Daily follow up
Developing communication skills	Important	Identifying communication barriers, English course	Outsourced	1st of Sept 2022	1st of Dec 2022	At the end of the course
Developing sales skills	Important	Training	In the store by experienced staff	1st of Sept 2022	8th of September	Daily follow up
Merchandising	Important	Training	In the store by the staff member	1st of Sept 2022	21st of Sept 2022	Weekly follow up
IT	Important	Training for using the app	In the store by experienced staff	1st of Nov 2022	7th of Nov 2022	Daily follow up

The above following PPD is developed for the new project that Zara could implement (Armstrong, 2020). Developing customer service skills is important for employee development to be able to assist the customer. Store managers can organise meetings and present ways of dealing with customers with queries and complaints. Developing communication skills is important for following instructions and communicating with customers. A short English course can be selected for employees who don't have English as first language. Developing sales skills is important and can be realised on the shop floor by sharing concrete methods of how to sale different items, how to make suggestions for further purchases. Merchandising is important to know how to arrange collections and products, what are the organisation objectives and importance of promotion. IT skills are very important for the launch of the new app as the staff should be capable to show customers how to use it, for any troubleshooting and errors.

Conclusion and recommendations

This report has evaluated the process of performance management and has detailed the performance management cycle and its application. It also analysed three different models and it looked at benefits and criticism, but it also took in consideration the selected organisation, Zara.

The Professional development plan is created by using SMART objectives frame and offers detailed explanations for the development objectives to be aligned with the project idea for Zara to launch a new app for customers through which can offer feedback.

The model the was not assessed is 540 degree feedback as it involves suppliers and it is not applicable for Zara as staff floor does not have contact with.

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