

Report

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Managing Performance

ASSIGNMENT

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Content

I. Introduction	3
II. The conceptual and contextual framework of Performance Management	3
III. Identifying organisational and employee concerns in the context of reforming the company's performance management	4
1) Organisational Concerns	4
2) Employee Concerns	7
IV. Recommendations	13
1. Recommendations for long-term implementations	14
2. Recommendations for short-term implementations	15
Reference list	16

I. Introduction

"Performance management is known as the 'Achilles heel' of human capital management, and it is the most difficult HR system to implement in organisations"(Pulakos,2009).The words of wisdom voiced by Pulakos have been confirmed by many practitioners agreeing that the introduction and operation of performance management (PM) constitutes a tremendous challenge.The latter not only refers to the ambiguities in theory but also the practical hurdles of adopting PM procedures in practice.Nonetheless, scholars agree that PM is one of the key drivers for organisations to achieve and sustain competitive advantage as maximised engagement of human capital inevitably result in a higher organisational performance(cf. Collings,et.al.,2019).By developing and adapting targeted resources and instruments the employee engagement can be enhanced to reach organisational goals. In the present case,the company is operating in the retail/wholesale/distribution industry based in Germany.The company culture is influenced by traditional values since the firm constitutes a long-established family-run-business.To improve its competitive edge the owner realised that PM is not merely about appraisals and desires a modernisation of its PM system to achieve a competitive advantage in the market.

From the perspective of an HR senior-manager,this report will identify the organisational and employee issues involved in the process of reforming PM practices of this specific organisation under modern performance management concepts and theories and finding short-term and long-term solutions to achieve the organisational goals as desired by the owner.The first part will illustrate a general overview of the contextual and conceptual theoretical framework of PM which will be followed by the second part where concrete issues of employee and organisational concerns of the W-company will be identified.The issues addressed in part 2 will be related to theories and research findings in literature and shall discuss immediate solutions.Part 3 of this report will outline concrete recommendations regarding the practical implementation of long-term and short-term solutions.

II. The conceptual and contextual framework of Performance Management

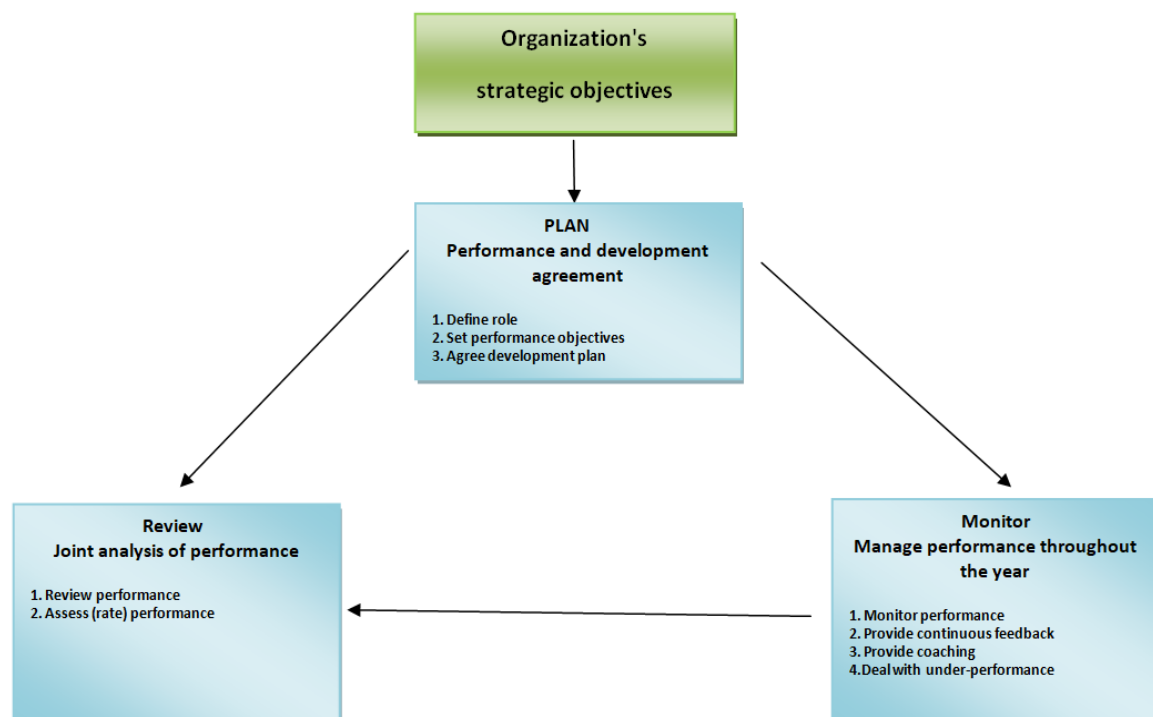
The conceptual framework of PM encompasses the 'continuous process' of improving individual and team performance in alignment with the strategic long-term and short-term goals of the organisation,including the planning of performance ,the review,and assessment of the progress and development (Armstrong,2020).

The alignment of individual with organisational objectives to achieve the full potential of individual and organisational performance, can be ensured through various HR activities,policies,procedures, and interventions that provide guidance and support for employees to develop and improve(DeNisi and Murphy,2017;Armstrong,2006).Tools which line managers could implement to manage performance include performance and development reviews,coaching,mentoring,360-degree feedback but also through the integration of key HR activities such as learning and development,reward management,resourcing (Armstrong,2020).

According to Bates and Holton(1995) performance cannot be defined, nor managed,or measured. A common conception of performances constitutes the reflection of 'achievement of quantified objectives' by utilising one's skills, knowledge,and competencies through appropriate professional behaviour (Armstrong,2006). It can be argued whether performances are to be considered as 'outputs' (Kane 1996),as behaviour,(Campbell,1990) or as both(Armstrong,2020).The latter would provide for a more comprehensive view which may be essential when comes to the assessment of

performance(cf. Brumbach,1988).Despite the lack of a unified definition of PM, there is an agreement of three major activities coining PM, including *'the establishment of objectives,the improvement of performance and holding people to account'*,all of which comprise a flexible process instead of a rigid and standardised system(CIPD,2020a).The process of its practical application can be divided into 3 recurring procedural activities within the so-called PM cycle as illustrated in figure 1:(1) Planning (agreement of specific job-related objectives and competence requirements concerning a clearly defined job role,specification of a performance agreement, agreement on development plan including performance improvement objectives,(2)Monitoring performance regularly throughout the year, checking progress,offering support, such as training,etc to carry out the required activities to achieve agreed objectives,(3)Reviewing the progress of achieving objectives to agree on a 'new' action plan/performance agreement(Armstrong,2020).

Figure1: 'The performance management cycle'(cf.Armstrong,2020)



III. Identifying organisational and employee concerns in the context of reforming the company's performance management

1) Organisational Concerns

The W-company is a long-established, family-run business which is lead by managers under a traditional and autocratic management style and now desires to be more competitive in the retail and wholesale industry in which it operates. The executives of the firm noticed the necessity to embrace contemporary performance management concepts and practices to modernise their PM to achieve competitiveness. Consequently, the organisational objective of the W-company encompasses gaining and maintaining a competitive advantage through reforming its PM and aligning HRM

activities with these goals. Given the fact, that the company wants to be 'more competitive' it must be assumed that the company's revenue is declining or at least reached the maturity stage. This suggests that the employee engagement, development and overall performance of its workforce must be qualified as weak due to a failed PM approach. Consequently, the autocratic leadership style (ALS) may be the cause for the lack of competitiveness.

The concept of ALS refers to a practice of leaders who 'centralize power, authority, and decision making' by implementing control tactics whereas the democratic leadership style (DLS) includes the distribution of responsibility, the empowerment of subordinates, and follows an inclusive approach when it comes to decision-making (Caillier, 2020; Bass, 1990; Gastil, 1994). Although the ALS has been criticised by many scholars (e.g. De Cremer, 2006; De Luque et al., 2008; Edmondson, 2003; Van Vugt et al., 2004) a more differentiated viewpoint must be considered given the industry the W-company operates in. De Hoogh, Greer and Den Hartog's research study of 60 retail outlets revealed that in certain working environments under specific circumstances an ALS could establish a psychologically safe and reassuring environment enhancing interpersonal predictability and structure due to clear and defined roles in the hierarchical order (2015). The latter can be affirmed in situations where the power structure is accepted by the team members with the absence of competition of power (cf. De Hoogh, 2015; Halvey et al., 2011; Kahn, 1990; Magee and Galinsky, 2008). In contrast, when power structures in teams are not accepted and lead to power struggles within the team, particularly where team members challenge the power-centralised structure of a team leader the climate and performance may suffer leading to resentments of employees (cf. Adams, 1965; Anderson & Brown, 2010; De Hoogh, 2015). The findings may be of relevance for the present case since the research subject comprises retail outlets, hence the relevant industry. However, the W-company desires a modernisation of its PM practices and is aiming at moving from the ALS. Its business aim is also consistent with contemporary PM approaches which ideally are embedded in a collaborative and DLS (cf. Armstrong, 2020). Furthermore, evidence suggests, that the satisfaction and engagement of employees impact customer satisfaction which is crucial for the company goals of the W-company (cf. Hyken, 2017). Consequently, the W-company is advised to employ an egalitarian approach in form of a DLS.

Since the main 'issues' of the W-companies are identified, it is essential that HR forms a basis and considers factors which contribute to an organisational change. As an HR manager, it is important to embed PM practices into the structure of the company and establish the horizontal framework for the desired amendments. Consequently, the HR department needs to identify crucial factors influencing PM and preparing the ground accordingly on which PM can successfully be implemented by the line managers. Factors which could be influenced by HR strategies are the so-called contextual factors comprising the organisational culture, employment relations climate, people, the company's structure, and technology and working practices (cf. Armstrong, 2020).

The organisational culture refers to a set of shared values, norms, and beliefs which guide the behaviour of employees, shaping their attitudes and forming the interaction between people and how things are usually executed (Alvesson, 2013; Armstrong, 2020). The management style as part of the organisational culture is particularly essential for PM. The W-company cultivates a traditional, directive, and ALS which assumingly is reflected in a 'command and control-type structure' where managers have a distant and merely task-oriented relationship with their employees.

Another contextual factor influencing performance constitutes the organisational structure which concerns the various levels of management and their hierarchical structure. It encompasses '*what employees do, whom they report to, and how decisions are made across the business*' (Devaney, n.d.). It must be assumed that the traditional lead W-company implemented strict and clearly defined layers of authority supporting a 'directive, top-down approach regarding the determination of targets and review of performance' (cf. Armstrong, 2020). Therefore, it is necessary to transform the solid hierarchical structure into a flat process-based structure, including the encouragement of flat-hierarchically structured team-work to enhance team performance in a self-directed team, and foster flexibility and individual responsibility. Moreover, the rigid structure of the centralised chain of command should be softened to implement a flexible approach to PM since the present organisational structure merely allows a monolithic PM system (cf. Armstrong, 2020). Two major factors influencing PM should also be taken into consideration in this modernisation process namely, the employment relations climate and the people. To enable line managers to motivate and develop people, the employment relations climate is decisive since this factor refers to the employee perception of the way relationships between management and employees is designed, for example, how formal or informal relationships are maintained between leadership and employees, but also the climate between employees, management and other shareholders, such as trade unions (Armstrong, 2020). Self-explanatory, a good climate constitutes the groundwork for a successful PM which should be implemented in a mutually agreed development plan between employees and management guided by HR. The latter should also build a framework of mutual trust and understanding and face the challenge of how to resonate organisational performance and employee well-being (cf. Boxall, 2014). Additionally, a factor to consider is the people of the organisation which comprises 1500 staff located in one production site in the case at hand. Due to the nature of the business as a wholesaler/distributor company the majority of employees constitute common workers but also 'knowledge workers' in different business departments. The PM approaches, therefore, should vary between the employee groups, for example, the way standards and objectives are agreed on (cf. Armstrong, 2020). Since the W-company is striving for modernisation it could be beneficial to implement high-technology for concluding working practices to advance PM, such as a smartphone application with PM tools for feedback, reviews, and appraisals.

A progressive notion of talent management (TM) could be crucial for increasing organisational performance of the W-company (cf. Collings, 2019). TM is not only about the battle for new talents, but also concerns the question of how to develop, engage and retain valuable talents (cf. Claus, 2019). Employee turnover could be avoided and sustainability achieved where the employer creates a good work environment which enhances the employee well-being and contentment, and finally customer satisfaction (cf. Morgan, 2017). Consequently, the implementation of modern approaches to TM could be essential to achieve organisational goals. Given the present industry with a majority of common staff and mundane work, an inclusive TM approach would be favourable for the W-company to achieve its organisational objective.

Despite the implementation of modern PM practices, the W-company could face situations where poor performance of employees imposes a challenge which necessitates disciplinary or legal measures. According to the jurisprudence of the German Federal Labour Court (Bundesarbeitsgericht, BAG) an employee fulfils his/her contractual obligations if s/he 'provides the service that he is able to provide through appropriate exhaustion of his/her personal capabilities without endangering his/her health' (Haufe, 2017). This means, that employee does not owe the success of his/her work, but merely a performance of medium type and quality. A dismissal or

disciplinary measures in form of warnings (since pay cuts are not lawful) may be utilised in specific situations according to the German legislation if the following legal requirements are given:(1)the performance must be considered as 'significantly below average'(2)observed over a 'longer period' of time,(3)the employee must be responsible for the deficiency (negligently or deliberately),and(4) the 'continuation of the employment would constitute an unreasonable burden for the employer' (BAG,11.12.2003,Az.2AZR-667/02)(Arbeitsrecht,2020). However, pivotal are the circumstances of the individual case but the employer should always seek the interview with the employee first to investigate the grounds of the deficiency since the burden of proof in case of poor performance lies within the employer. Therefore, it is imperative that the employer records the low performance accurately and to issue warnings before taking legal action. Furthermore, the W-company should specify expected performance according to the job role in the contractual agreement, conduct interviews to assess the reasoning behind the low performance.

2) Employee concerns

The ALS affects employees in various ways as leadership literature reveals. Negative effects on motivation, satisfaction, and employees' emotions are based on the fact that autocratic leaders 'show less considerations of employees' concerns' (Judge, Piccolo, & Ilies, 2004). Consequently, employees lack loyalty and dedication for their leaders, the team, and ultimately for the organisation and its goals (cf. De Cremer, 2006). Both, the climate and employee performance is likely to suffer by this demoralising leadership style (DeHogh, 2015) due to the lack of motivation and engagement (cf. De Cremer, 2006). This applies particularly, when autocratic leaders display a pushy, controlling, and dominant leadership not allowing any discussions or alternatives in their decision-making process (Russel & Stone, 2002; Peterson, 1997). Against the backdrop that no respect and considerations of employees' opinion, emotions, and values are given by the leader (cf. Bass, 1990) employees may feel disrespected and undervalued which leads to lower performance. Since there is no 'motivation to connect with the leader, employees tend not to mind the leader's action any longer' (De Cremer, 2006).

These employee concerns could be addressed by implementing a democratic leadership style which positively influences their engagement and motivation to show loyalty to their leaders, team, and ultimately to the W-company. This could be reached by involving employees in the process of decision-making and empowerment in general, but also through respectful and understanding behaviour. The lack of motivation and engagement could be addressed by performance-related pay (PRP), incentives, non-monetary rewards, and recognition. PRP, such as bonuses has a motivational effect as they are linking performance to pay usually by measuring pre-agreed objectives in performance reviews (cf. CIPD, 2020a, 2020c). PRP may also play a crucial role to attract and retain staff and ensuring engagement and performance in the long run. However, PRP can also increase demoralisation if not implemented fairly and most of the time it does not meet employees' perception of fairness (cf. CIPD, 2020c). Given these difficulties, monetary rewards could be implemented through wage increase rewards instead. Due to the large number of common workers working for the W-company, the objective to increase sales and profitability through high customer satisfaction seems to be the most effective tool as it could apply inclusively for every employee (e.g. mystery shopping tests, regular pay rise when achievable targets are met). A considerable role to increase employee engagement and performance comprises non-financial and intangible rewards (recognition, praise, awards) (CIPD, 2015), for example, rewarding employees for outstanding

customer service could set role models and inspirations for colleagues and underlines the value of the individual employee(cf.Hyken,2017).

Performance appraisals embedded in autocratic leadership culture and the lack of strategic approaches to PM other than PA must be considered as an employee concern.Given the company culture, it must be assumed that appraisals have been concluded in a static and command and control-type of manner(cf. Armstrong,2020).The issue must be qualified as an organisational and employee concern since the PA system with its objectives and methodology must be aligned and in harmony with the company culture to be successful(cf.Armstrong,2006).Armstrong argues,that an appraisal system could be implemented contrary to the company culture,for example, a modernised PA in an autocratic system utilised intentionally to lever a cultural change 'moving from a culture of management by command to one of management by consent'(2006).However,this could lead to a tremendous challenge for all participants in the PA context,for the manager who will need to learn a different approach of equal partners with their subordinates and their subordinated employees who have never experienced that partnership approach before.It may raise suspicion of subordinates regarding the appraisal system where managers suddenly value and or consider their opinion (cf.Hook,2016). Mere adoption of a modernised PM approach may disrupt workflows and may impose a greater burden on the workforce and the organisation. To avoid these hurdles,a cultural change of the W-company through a modernised PM,particularly PA may only succeed if the process would be implemented from top to bottom involving every employee of the company in the establishment and development of the process through communication and training and requires a cultural and structural change of the entire organisation.

Performance reviews often referred to as appraisals constitute an instrument of PM to assess individual growth and improvement of employees and inform performance or development agreement which may lead to administrative decision such as performance-related pay,bonuses, promotions or redundancy(CIPD-Factsheet,2020b).It is part of the PM cycle as elaborated above. The traditional PA was typically concluded annually and raised much criticism by scholars and practitioners (inter alia,Briner,2015,CIPD-Factsheet,2020b,Mueller-Hanson and Pulakos,2015).Some classify the formal annual appraisals as a 'soul-destroying ritualistic charade' (Briner,2015) with a time-consuming involvement of bureaucracy(CIPD-Factsheet,2020b).Furthermore,formal annual reviews are usually backward-looking, judgmental,and in some cases have the mere purpose to inform performance-related pay or in the worst case serve as a ground for dismissals which deems it as a dishonest tool of PM(cf.Armstrong,2020).Numerous research studies have demonstrated that performance reviews were found to be of little benefit but of a highly negative effect on employees' motivation,satisfaction,and engagement(cf.Mueller-Hanson&Pulakos,2015).

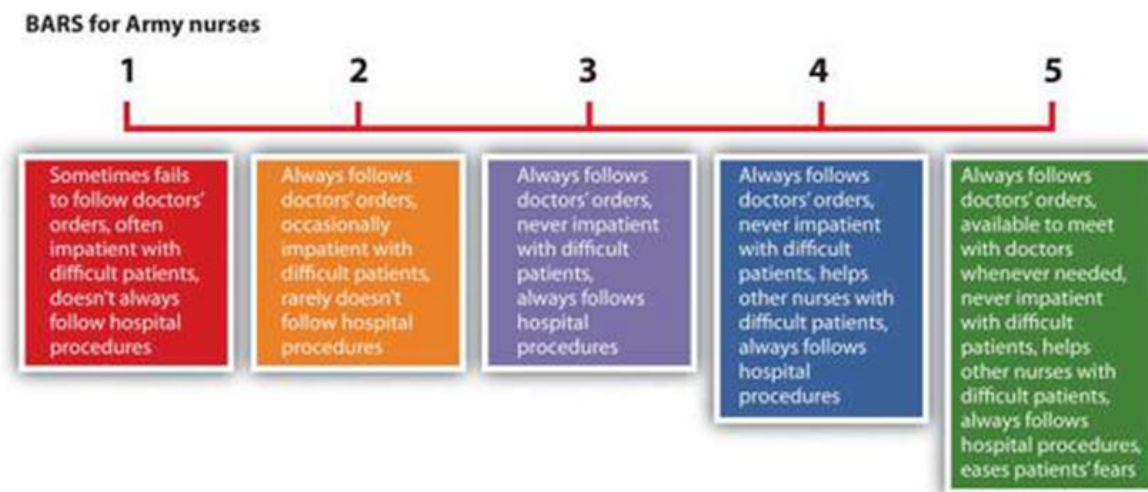
Further points of criticism relate less to the instrument itself than to the frequency of its implementation and the excessive focus on past performance undermining the object and purpose of the tool to improve future performance and enhance learning and development(CIPD-Factsheet,2020b).Furthermore,the latest CIPD research findings reveal that the assessments are perceived to be 'too subjective' and too narrow as the review is concluded by a single person and is hence unsuitable to serve as a credible and significant reflection of employees performance(CIPD,2016)This applies all the more where 'forced ranking' or 'guided distribution' ratings are applied in the review process. The standards laid down in the appraisal systems could be crucial for employees' attitudes towards the system and their willingness to accept the goal settings

implemented within that framework(cf.Harris,1988).Several issues have been identified in the context of PAs such as the discomfort of appraisers who may qualify the appraisal system as a time-consuming process with no value and have no trust in the fairness, efficiency,and consistency of the evaluation(cf. Mackenzie,2019;Armstrong,2006).Most instruments utilised in PA have been devalued regarding their validity and reliability. Common appraisal errors refer to the subjectivity of their implementation,particularly bias errors such as the 'first-impression effect'(where raters form an overall impression on grounds of some specific characteristics of the appraisee identified by the appraiser which can be negative or positive); the halo effect,(the rater confers a positive evaluated performance(trait/behaviour) to all aspects of the PA evaluation, hence, rating the employee high in all areas for one aspect the individual is good at), the horn effect(refer one negative performance aspect to the entire PA),the so-called distribution errors, meaning that managers tend to assess employees too strict('severity' where almost every ratee is rated below average),or has a central tendency (where every employee is rated average),or display a leniency error (where the appraiser evaluates everyone above average)(Black,et.al.,2019).The illegal discriminatory bias relates to ratings where the rater associates stereotypical characteristics and traits to the ratee reflecting his/her preconceived idea from a specific group on basis of gender,race,nationality, disabilities etc.,hence, by discriminatory laws protected groups;the contrast/compare error occurs where the rater compares the performance of employees instead of evaluating the performance according to absolute performance measurements for each individual(cf.Mallela,2016).

Performance appraisals can be concluded in various ways, inter alia by overall assessment, rating or visual assessment, 360-degree feedback(Armstrong,2020).There are numerous techniques used in performance appraisals, including the trait system, the comparison system, behavioural system,and the results-based system.Within the trait system the appraisee evaluates specific traits of the appraisee, for example, helpfulness, dependability,shows enthusiasm,etc.This system which is popular within customer-oriented operations is often carried out in a rating scheme where a checklist provides for valuation categories such as 'excellent','good','satisfactory','needs improvement'(Griffin,2019). The trait-based evaluation system is subjected to the managers' bias and may be unsuitable to deliver reliable and accurate results(Griffin,2019).Furthermore, it was found that employees' prefer a PA system which concentrates on 'specific job-relevant criteria',rather than on traits(cf.Harris,1988)This is underlined by the restriction of this model regarding its informative value which focuses on traits serving the requirement for a specific behaviour without considering the behaviour itself(cf.Martocchio,2019).The comparison evaluation system evaluates employees by comparing their performance with one another either in pairs or through ranking employees from the best performer to the worst performer according to the performance level(cf.Bajracharya,2018). The evaluation may also be carried out through the forced-distribution method which was developed to counter a bias evaluation.Under this method employees must be categorised in categories following a predetermined percentile,for example,10% outstanding ,25% above average,40% average,20% below average and 5% poor)(cf.Bajracharya,2018). This type of evaluation may be a useful tool to identify top performer,however,it inevitably lead to a highly stressful and competitive environment where teamwork will suffer in favour of competition(Thomson,2019).The behavioural method assesses the frequency and extent to which the employee displays desired behaviour leading to a successful performance (Burley,2017).Three techniques are widely applied with the behavioural method: 1) the behaviourally anchored rating scales(BARS),the behavioural observation scale (BOS, and the critical incident technique (CIT).Within the BARS technique measures the performance of employees on basis of individual behaviour which is essential for that specific role against a clearly

defined example of behaviour that are given a number rating on a scale to collect data, as illustrated in figure 2)(cf.Black,et.al.2019).

Figure 2: Source:Open Textbook (2016)



The BOS is similar to the BARS, concentrating on a clear job behaviour in relation to performance of a specific role. Nevertheless, within BOS the appraiser merely rates each behaviour on a scale from 1-5 on grounds of the frequency the employee displays this behaviour as demonstrated in Figure 3(cf.Black,2019).

Figure 3:Behavioural Observation Scale (Wexley&Lantham, 2001)

Example of a Behavioral Observation Scale for Managers: Overcoming Resistance to Change

	Almost Never					Almost Always
1. Describes the details of the change to subordinates	1	2	3	4	5	
2. Explains why the change is necessary	1	2	3	4	5	
3. Discusses how the change will affect the employee	1	2	3	4	5	
4. Listens to the employee's concerns	1	2	3	4	5	
5. Asks the employee for help in making the change work	1	2	3	4	5	
6. If necessary, specifies the date for a follow-up meeting to respond to employee's concerns	1	2	3	4	5	
Total:	6–10	11–15	16–20	21–25	26–30	
	Below adequate	Adequate	Full	Excellent	Superior	

Finally, within the CIT managers evaluate the performance on grounds of recorded incidents where the employee either displayed behaviour which lead to an exceptionally well performance or a failure in that situation. The series of regularly recorded incidents serve as the basis for the final performance rating. (HRM,2011). Results-based PA is characterised by evaluating objective measures regarding their quantitative outcome, including sales numbers, accident rates,etc.(Black,et.al.2019).

Each technique constitutes advantages and limitations,however, given the industry of the W-company the focus shall be on the behavioural method and results-based PA. Particularly,BARS serves as a highly accurate tool with a significant inter-rater-reliability provided that the prearrangement of the evaluation has been concluded thoroughly since the relevant behaviour correlates with the observable behaviours (cf.Black,et.al.2019). This technique, furthermore, reduces subjective errors considerably, since the evaluation is based on a defined and concrete job-relevant behaviour instead of a 'general category' of behaviour.

There is evidence that an 'open box' review sheet where managers are confronted with broad questions about the performance of their employees increases the likelihood that ambiguities initiate the recourse of stereotypes, such as gender,race,etc.,with a higher risk of discriminating women (Mackenzie et.al.,2019).This outcome can be avoided by specifying the review process with clear evidence-based criteria, for example implementing a checklist where the appraiser is reminded to refer to the 'evidence/data for this employee over the past 6 months, and remind him/her constantly through the checklist to lay down objective and stipulated criteria while evaluating the appraisee(Mackenzie et.al,2019).This specification of the process not only led to a broad acceptance by appraisers but also contributes to the fairness and consistency of the review.

Moreover, with the BOS technique identified behavioural issues could easily be subjected to L&D activities to enhance employees' performance(cf.Black,et.al.,2019). The limitations of this technique refer to its time-consuming preparation, since it must be established for each role specifically,which may be qualified as unsuitable for common jobs or where the nature of the job would not allow a successful implementation,for example, in research science(cf.Black,et.al.2019).The choice of PA method must be industry-specific and job-specific with organisational and employee interests in mind. The latter is decisive for the choice of the PA approach, whether it is for administrative purposes (e.g.informing about PRP decision),or the objective is solely about performance improvement and development (cf.Armstrong,2020).The wholesale/retail industry's low-level key performance indicators (KPI) are defined by high customer service which is crucial for increasing sales and profitability (cf.Mohr,n.d). The majority of W-company's workforce are common workers with customer contact.The creation of the BARS method for sales staff could be implemented in modified versions and is suitable for a variety of applications to foster desirable behaviour.The latter is crucial for achieving the organisational goal of competitiveness since sales staff have a significant influence on purchasing decisions of customers (regarding quantity and quality of goods)(cf.Mohr,n.d.). The W-company employs 1500 people and must be considered as a company with sufficient financial resources.On the other hand, the time-consuming preparation of the technique may constitute a hurdle for the work process and preoccupy managers to an extent which may not justify its cost-inefficiency.On this basis, BOS seemed to be more favourable as it is less demanding for the appraiser and constitutes the same advantages as BARS. According to the nature of the task,the line manager needs to identify the key performance indicators and align these with the mission and vision statement of the W-company reflected in the appraisal technique. Behaviour-based methods are useful for the staff group working in customer service, but also for staff in administrative functions due to the easy realisation of observing behaviour-based measures(cf.Burley,2017).

The employees of the W-company who are used to an ALS assumingly, have not experienced much change in their working environment and might be overwhelmed by their managers adapting different structures and task requirements. It can also be assumed that the company was not promoting learning and development (L&D) due to its traditional culture. Employees may have learned to perform specific tasks the way they used to in that traditional working environment. One of the major employee concerns would comprise the change that will be implemented by introducing a modernised PM. A fundamental change will encompass the organisational structure by implementing a 'caring and sharing partnership approach' of PM supporting the involvement, empowerment, and responsibility (cf. Armstrong, 2020). It can be stated, that it may be challenging for employees, particularly those who worked for decades for the W-company to unlearn old methods and learn new skills, gain new knowledge and adapt their professional behaviour. The W-company will need to adopt learning, training, and talent development strategies to achieve higher performance (cf. Hook, 2016). Ideally, the company is striving to create a learning culture where every staff member (owner, executives, line manager, and employee) acknowledges the necessity of learning and development as an ongoing process (Armstrong, 2020). However, the characteristics of this L&D strategy are the involvement and autonomy of employees who must be willing to implement this long-term, 'self-managed learning process and being empowered, rather than being instructed or supervised' (Armstrong, 2020). The latter would concern the capabilities and abilities of employees to gain new skills, and unlearn old approaches in the framework of its PM reformation process. The process of individual learning is considerably complex and requires specific strategies, such as the identification of individual learning necessities, self-managed learning, support for workplace learning, collaborative or social learning, guidance, coaching, mentoring, training programmes, e-learning opportunities, etc., (Armstrong, 2020). The 'learning environment' of the W-company and the low engagement, motivation, and involvement of its workforce caused by the ALS necessitate theoretical observations of how employees could 'learn how to learn' to enhance their performance. In his 'learning cycle' Kolb et al. (1974) classifies four stages of learning, including concrete experience, reflective observations, abstract conceptualization, and active experimentation. Based on research findings from neuroscience Davachi et al. (2010) developed the AGES model which gives insight into how people learn more effectively when specific factors are present and established by the organisation, such as 'Attention' (refers to the learning environment, enabling the learner to focus without any distraction and cognitive overload), 'Generation' (refers to the personal meaning and relevance for learner and could increase engagement and the creation of long-term), 'Emotion' (emotional learning is proved to increase memory function, the W-company should create a positive and encouraging learning environment since fear to fail and stressful environments is likely to decrease employees' engagement), finally 'Spacing' (refers to learning period of learning distribution which is most effective when the learning process is occurring in blocks in a short time frame which fosters long-term memory) (cf. Armstrong, 2020).

The W-company is well-advised to make use of the aforementioned findings from neuroscience how the brain works best to learn and provide for the right learning condition and environment to facilitate L&D for its workforce. To implement L&D strategies it is essential to reflect on learning theories to meet employees' concerns. According to Pavlov and Skinner the drive for learning is motivation or instinct need functioning as a stimuli and following outcome, for example, a reward or punishment (cf. Hook, 2016). The notion was manifested in the reinforcement theory that on the

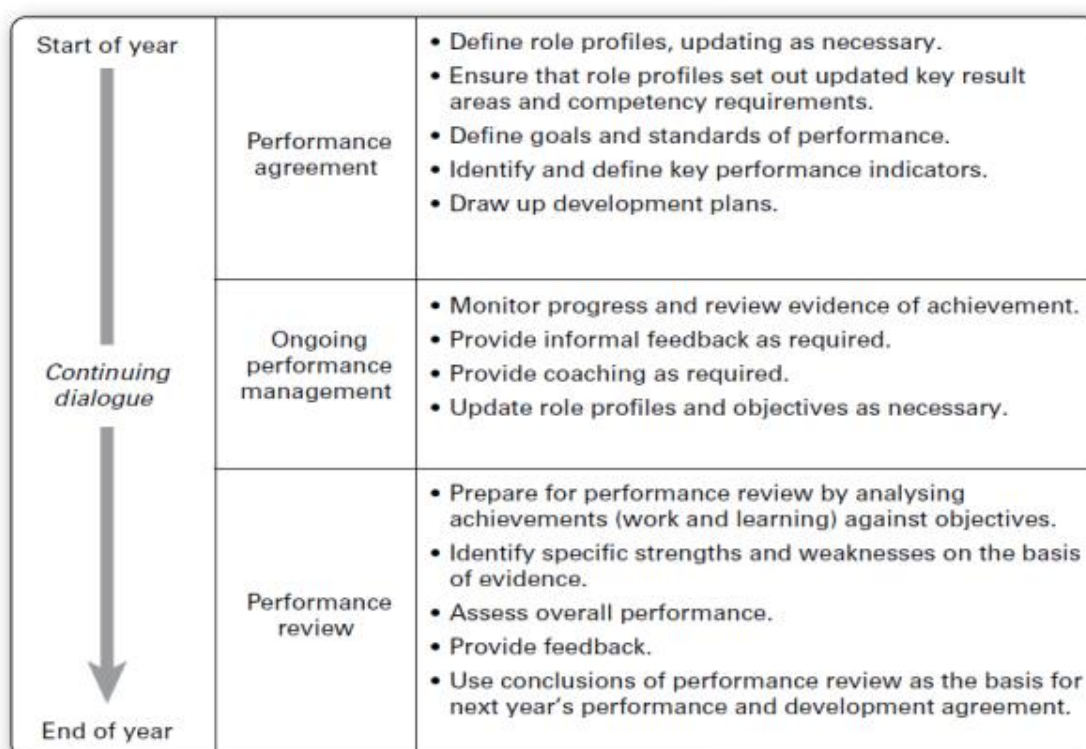
grounds of Skinner's findings(1974) and reveals that behaviour of humans can be 'conditioned' to repeat. This theoretical knowledge has been proven to be the most effective emphasised in a recent CIPD study in the context of PA where line manager adopted a strength-oriented approach focusing on 'what went well' in the past and how to replicate this behaviour(cf.CIPD,2020). Therefore, managers of the W-company should give often positive feedback to achieve 'this operant conditioning' (cf.Armstrong,2020). The motivation theory is divided into two sub-theories,namely the 'expectancy theory' which assume that the learner's motivation is driven by the expectation to achieve the goal he/she desires whereas the goal theory is based on the notion that the motivation is higher when individuals are striving to achieve a well-respected,challenging ,but still achievable goal and will get positive feedback when achieving that goal. The W-company should predominantly focus on the aforementioned theories to increase the motivation for L&D activities for the majority of its common workers and consider also the 'dual coding theory' by Welcome,et.al.(2011) which follows the view that the involvement of more than one sense, namely visual and verbal components should utilised while learning to increase efficiency.

IV. Recommendations

As mentioned above PM is a set of activities that is aiming at the improvement of individual performance, ultimately organisational performance by aligning both. A major step to implement PM is to be transparent and clear about organisational goals towards employees(1993).

A concrete practical implementation could serve as a short-term approach (annual period) but also as a long-term approach due to the annual repetition of the PM cycle as figure1 and 4 illustrate.

Figure 4:'The sequence of PM activities over a year' (Armstrong,2020)



To address employees' concerns, reviews should be conducted in a 'democratic atmosphere' in the manner of a *'dialogue between partners'* (cf. Armstrong, 2020).

A value can only be added by reviews when it occurs all year with a quarterly review embedded in a less formal framework accompanied by feedback, regular coaching sessions (e.g. every two weeks), and training opportunities. Within these meetings which can be initiated by both, manager and employee, clear expectations should be communicated and support offered to reach these goals. The line manager of the W-company will need to be trained to change their approach in the PA meeting and to reduce bias. On basis of modern PM the strengths oriented approach could meet employees concern where line manager focus on what went well and how his behaviour can be applied to other areas of the job task (Buckingham & Goodall, 2015).

1. Recommendations for long-term implementations

- Establishing a horizontal framework by HR involving all stakeholders to implement the structural change of the organisation from ALS to a democratic lead company.

To enhance employees' engagement, motivation, and satisfaction in accordance with the expectancy and reinforcement theory (cf. Armstrong, 2020) following practices shall be implemented:

- Introduction of incentives, performance-related pay-rise, such as mystery shopper who assess customer service of staff on grounds of objective criteria which will lead to a pay increase if passed, introducing customer surveys (results could serve as a basis for regular staff coaching sessions and training initiatives. Offering non-monetary rewards, such as the employee of the month, offering a retention scheme, after 3, 5, 7, 10, etc. year-retention gift.
- Introducing an inclusive TM approach to provide for an egalitarian framework for developing and promoting employees.
- Implement flexible work initiatives (according to German legislation) to enhance work-life-balance of employees, offering a childcare scheme etc.
- Introduce initiative focusing on health care and well-being of employees to emphasis the value of each employee, for example by setting up a gym on-site, offering running clubs, implementing cycle to work scheme,
- Implementing L&D scheme
- Evaluating the newly implemented PM system after a year to assess if and to what extent it supported the organisational goals; modify or change if necessary.
- Assessing the implementation of the horizontal framework of cultural change and how it harmonises with the modernised PM annually.

2. Recommendations for short-term implementations

- Communicate clearly aims and 'measurable success criteria' of each job role
- Up-skill all employees on every level immediately to adapt to the change of organisational culture change through courses and training (introducing all relevant parts of change, including appraisal system, technical change, cultural change, structural change etc.
- Communicate the vision and mission statement of the company during these courses and how they will be implemented through PM to align employee goals and organisational goals, particularly explaining how PM cycle will be practiced in detail:
 1. Agreeing on clear expectations and objectives for each role through defining the role and set performance objectives, if employees agree to amend contractual agreement to specify the tasks and job description (mutual agreement is necessary in accordance to the German law).
 2. Planning performance and agreement on developing plans
 3. Explaining the new appraisal system which comprises monitoring performance, providing regular feedback and coaching
 4. Explaining the change of frequency to review and assess performance

This holistic approach underlined by the elaborated activities and tools, including '*objective settings, rating performance, appraisals and feedback, learning and development, and performance-related pay*'(CIPD,2020a) is a continuous cycle and must be repeated to trigger the desired outcome of the W-company.

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