**HUMAN RESOURCE MANAGEMENT**

HRM is the strategic and coherent approach to the management of an organisation’s most valued assets: the people working there who individually and collectively contribute to the achievement of its objectives for sustainable competitive advantage (Armstrong). HRM includes the recruitment of employees, the development of policies relating to human resources (e.g. reward systems) and the management and development of employees (e.g. through training and development and through the appraisal system).

An organisation uses HRM to ensure that it has the correct people in place to fulfil its strategic and operational objectives.



**PERFORMANCE APPRAISAL TO IMPROVE BUSINESS PERFORMANCE**

Performance appraisal is the process of evaluating employee performance against predetermined objectives and providing feedback to the employee so that any necessary adjustments to performance can be made.



**CONFLICTS IN THE APPRAISAL PROCESS**

The appraisal may lead to an assessment that the employee has failed to achieve goals or targets that had been agreed upon in advance. This judgement might result in the employee not receiving a pay rise or promotion or a bonus. The employee will therefore feel that he/she has been criticised during this part of the assessment and build up resistance to the appraiser and the appraisal process. But at the same time the appraiser will want to make a developmental appraisal. They will want to determine why the employee has failed and offer support in avoiding these failures in the future by developing the employee's skills (e.g. via training). It is therefore important that the employee understands that the appraisal is as much for their benefit as for the employers. This is why feedback and open communication is important.



**IMPROVING THE APPRAISAL PROCESS**

In order for appraisals to work:

• The targets set should be discussed between and agreed by the manager and employee.

• These targets should reflect areas that the employee can control.

• Feedback should be balanced to include a mix of positive and negative aspects.

• The appraisal conversation should be twoway between the manager and employee.

• More emphasis should be placed on continuous, informal feedback as opposed to a more formal Process.

• Issues should be followed up and addressed.

**THE IMPORTANCE OF TARGET SELECTION**

Appraisal (performance management) will only be beneficial and achieve its aims if appropriate targets (performance measures) are set. Targets should be

* Relevant - to the organisation's overall objective, e.g. if the organization has an objective of 100% quality then an individual production worker may be set a target to produce products with zero defects. (It is worth noting that quality initiatives are often undermined by targets that focus on short term profits).
* Achievable – employees may be unmotivated if they consider targets are very difficult or impossible to achieve, e.g. zero defects may be seen as impossible. However, it is worth noting that the same may be true if targets are too easy to achieve.
* Controllable – the individual will be unmotivated if they feel they can't control the target set, e.g. a production worker may not be responsible for defects if poor quality materials are purchased.
* Prioritised – employees will be overwhelmed and hence unmotivated if they are set a large number of targets.



**MANAGEMENT STYLES**

Hopwood identified three distinct management styles of performance appraisal. The style needs to be considered when designing an effective performance measurement system

