Improving Organisational Performance

The Conceptual Framework

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SENIOR LECTURER WORK BASED LEARNING
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SUMMARY OF WEEK ONE:

“The idea of appraising performance has existed for many years and has revolved largely around an annual review of objectives between manager and subordinate. Such appraisal has been restricted often to management or supervisory groups, has been backwards-focused on historic performance, and has not typically sought to adopt a strategic approach”

(CIPD, 2006)
Learning outcome

- Understand, and begin to evaluate, the different theoretical and conceptual frameworks which are applied to the design and use of performance management.
Aligning with Corporate Strategy

Balanced Scorecard

Financial

Examples

Learning

Customer

Processes
**BALANCED SCORECARD**

- Identifies 4 different perspective under which to identify performance measures and track organisational performance
  - Financial perspective
  - Customer perspective
  - Internal perspective
  - Learning & Growth perspective
THEORETICAL BASIS

- Motivation Theory
  - Goal-setting Theory
  - Expectancy Theory

- Systems Theory

- Social Cognitive Theory
Needs and expectations of people at work
(Mullins, 2010)
An illustration of Locke’s theory of goal-setting (1968)
Implications for managers of goal-setting theory (Mullins, 2010)

- Individuals lacking in motivation often do not have clear goals. Set specific goals to direct behaviour and maintain motivation.
- Goals should be challenging yet realistic.
- Complete, accurate and timely feedback is associated with high performance.
- Goals can be determined by a superior or by the individual themselves.
Basic model of expectancy theory - Vroom (1964)

**Expectancy** – perceived probability that effort will lead to first-level outcomes

**Effort expended (motivational force)**

**Level of performance**

**First-level outcomes**
- **Performance-related**
  - High productivity

**Instrumentality** – extent to which first-level outcomes lead to second-level outcomes

**Second-level outcomes**
- **Need-related**
  - Praise from superior
  - High wages
  - Promotion
  - Friendship of co-workers
Porter and Lawler’s expectancy model (1968)

Value of reward
VALENCE
Perceived effort–reward probability
EXPECTANCY

Effort
Abilities and traits
Role perception
Performance
Intrinsic rewards
Extrinsic rewards
Perceived equity of rewards
Satisfaction
Implications for managers of expectancy theory (Mullins, 2010)

- Use rewards appropriate in terms of individual performance. Outcomes with high valence should be used as an incentive for improved performance.
- Establish clear relationships between effort-performance and rewards, as ‘perceived’ by the individual.
- Clear procedures for the evaluation of individual levels of performance.
- Pay attention to the intervening variables that may affect performance.
- Minimise undesirable outcomes which may be perceived to result from a high level of performance.
The situation (environment) makes demands –
Social, technological, economic, environment (natural), political, legal, ethical

The Organisation - has
Purpose (Mission), Objectives. Internal form (functions), specialisms, levels.
Transformation processes (inputs transformed into valued outputs). Information & decisional processes.
It stores and uses information.
It has policies, procedures and rules.

Customer and stakeholder needs

Feedback (Positive or negative)
Organisation needs energy maintenance and improvement to counter entropy

Inputs
Ideas, entrepreneurship, decisions, funds, time, energy, customer interaction, regulations

Outputs
Satisfactions

Turbulence
Dynamic equilibrium

Boundary management
SOCIAL COGNITIVE THEORY (BANDURA, 1986)

- Influenced by a person’s ‘self efficacy’ and ‘verbal persuasion’ by relevant others
- What people believe they can or cannot do powerfully impacts on their performance
- The development of positive ‘self-belief’ as a PM objective