

Chapter 2

Literature Review

This chapter presents a literature review on job performance management and job reassignment systems. The literature review includes the overview on the definitions and benefits of the job performance management and job reassignment systems.

2.1 Job Performance Management

2.1.1 Definitions

Performance refers to the degree of accomplishment of the tasks that make up and employee's job. Job performance is the net effect of an employee's effort as modified by abilities and role perceptions (Byars *et al*, 2003). Performance management is the essence of managing, and the primary "vehicle" for getting the desired results through employees at all levels in the organization (Gresse).

Performance management is a process that consolidates goal setting, performance appraisal, and development into a single, common system, the aim of which is to ensure that the employee's performance is supporting the company's strategic aims (Dessler, 2004). Performance appraisal, or the measurement of specified areas of an employee's performance, is viewed as the primary means of performance management by many organizations (Noe *et al*, 2007). Performance appraisal information can provide needed input for determining both individual and organizational training and development needs. The information gathered from the appraisal can be used to identify an individual employee's strengths and weaknesses, and it can also help determine the organization's overall training and development needs (Byars *et al*, 2003). A good performance management system can help organize the company and its employees and bring out the best in employees which can eventually help the organization grow better. In the absence of such a system, staff members are unclear as to employer's expectations regarding performance objectives and standard/targets, leading to low productivity, costly mistakes, stress, de-motivation, and conflict (Gresse).

Performance management is an integral part of a comprehensive human resource management strategy. It provides the context to link individual objectives with departmental targets, thus supporting and facilitating the attainment of departmental goals. Job performance management can be a very effective management tool when applied properly. It provides employees with clarity of aims and focus on job expectation, motivates staff to perform better and cultivates the desired culture. Efficient performance management helps focus on the desired results, improves communication, helps develop staff and helps achieve departmental objectives (Civil Service Bureau, 1999).

Objectives of Job Performance Management System

The main objective of performance management is to maximize individuals' performance and potential with a view to attaining organizational goals and enhancing overall

effectiveness and productivity. A staff performance management system should aim for following objectives (Civil Service Bureau, 1999):

- **To help achieve departmental objectives through employees**

Departments formulate strategies and objectives to support their vision, mission and values. To achieve these broad objectives, departments should turn them into specific objectives and targets for the divisions, sections, units and subsequently individual job objectives and targets for implementation. As individual job objectives are linked to those of departments', the performance of individual officers will contribute to the fulfillment of departmental objectives.

- **To evaluate performance and improve communication between managers and employees on managing performance**

The employee performance management system provides a mechanism to monitor and evaluate employees' performance. Performance objectives should be set at the beginning of the performance management cycle through open discussion between the supervisors and the employees. Progress should be monitored regularly and feedback from employees and supervisors be collated to help clarify objectives and output expectation; and to enhance performance.

- **To provide opportunities for development**

The employee performance management system should serve as a multi-purpose management tool. It should provide valuable information to help identify individual training needs so as to enhance performance and to develop the potential of the employees for further advancement.

Performance Appraisal Systems

Performance appraisal system is an important part of performance management cycle. Performance appraisal means evaluating an employee's current and/or past performance relative to his or her performance standards (Dessler, 2004). Performance evaluation is the process of evaluating the employee's competencies in terms of how well he is capable of applying his skills and knowledge, how well he has been doing in his current projects and also what kind of potential he has for future projects. It is a good way of finding out how the employee's work is viewed by his manager. In current days performance evaluations have become an inevitable process of organizational life. Performance evaluation is an important practice in Human Resource Management (HRM) field (Judge and Ferris, 1993). Evaluations help decide the promotions, rewards and salary rises. The employee performance evaluation has been considered to be a key element in organizational success. These days, formal performance evaluations are an unavoidable part of organizational life. In most companies, it has been customary practice to use performance evaluation tools to review the individual performance of employees and to use the results to improve performance (Rasch, 2004). Performance evaluations are used to assist a wide range of human resource decisions such as pay raises, promotions, demotions, terminations and selection validation. They are also an integral part of evaluating recruitment results and determining training needs. Studies on performance evaluations

have shown that the practice of evaluation process also helps in creating competitive advantage among the employees (Longenecker and Fink, 1999).

Effective evaluation and review process create focus, a platform for measurement, a vehicle for employee improvement and a means of linking key outcomes to performance (Longenecker and Fink, 1999). Absence of such system generally leads to the staff members being unclear about the employer's expectations regarding objectives, standards and targets which can eventually lead to miscommunication, de-motivation, stress, low productivity and conflict. If it is used well, performance evaluation enables managers to mobilize the energy of the people to achieve strategic goals (Grote, 2002). It is essential for companies to perform employee evaluation in a regular basis to figure out the employees' status about his professional and personal abilities. As Fletcher (2001) mentions, performance evaluation was once a term associated with a basic process of a line manager completing an annual report on a subordinate's performance and (usually, but not always) discussing with him or her in an evaluation interview. Although this basic description still fits the purpose of performance evaluation, these days it has become more than just an annual performance report. Performance evaluation has become a broad topic which includes number of activities through which organizations seek to evaluate employees, develop their competence, improve performance and distribute rewards.

Koning (2004) discusses about the limitations of subjective manager evaluations and multi source feedback and argues that staffing reviews and performance outcome measurement is the best approach to evaluate employee performance. Martin and Bartol (1998) outline the actions which should be taken (for example: proper rating techniques, effective training, use of results of the evaluation, etc.) to conduct the performance evaluation. They also emphasize on the areas that have to be monitored (like quality of performance standards, tracking the raters, socialization of scales, adverse impact, etc.) to keep a performance evaluation system responsive to the needs of the organizations.

2.1.2 Benefits

A number of potentially desirable outcomes from introducing a job performance management system into an organization have been identified (Harper and Vilkinas, 2005). Some of these are:

- improved organizational performance.
- improved employee involvement, commitment and motivation by increasing people's sense of personal value and enhancing the individual's perception of empowerment.
- assistance with restructuring organizations.
- enhanced ability to recruit, deploy, develop and retain employees as well as to identify candidates for redundancy.
- improvement in the skill level of managers.
- improved management performance.
- low performing employees said they were more satisfied and cooperative better with their supervisor.
- improvement in organizational performance.

Performance management is associated with other functions of human resource management as well (Civil Service Bureau, 1999). The other functions of human resource management which are linked with performance management and vice versa are:

- ***Training and Development:***

Performance management provides basis for determining training needs.

Training and development aids in facilitation of job requirements and level of performance.

- ***Manpower Planning:***

Performance management provides data on strength of individual staff for facilitating better job matching.

Matching the right people to the right job enhances individual performance and organization effectiveness.

- ***Staff Relations:***

More interactions between supervisors and staff result in improved working relations.

Clarifying expectations and job goals leads to improvement in performance.

- ***Recruitment:***

Performance management provides basis for sourcing new recruits.

Quality of applicants being recruited determines performance standards that are feasible.

2.2 Job Reassignment Systems

2.2.1 Definitions

Another part of human resource management which plays an equally important role in organizations is the job reassignment process. If employees are not motivated or if they feel dissatisfied with their job, their work efficiency usually declines and could, to some extent, contribute to poor organizational performance or low productivity level. Nebeker *et al* (2001) surveyed job satisfaction of employees working at sixty airport stations. The findings showed that when employees are dissatisfied with their jobs, the organizational performance and customer satisfaction could be negatively affected. In the job reassignment process, employees are moved from one job to job. The job themselves are not actually changed; the employees are rotated. Job reassignment breaks the monotony of highly specialized work by calling on different skills and abilities (Werther and Davis, 1996). That is, the employees in a group can change their jobs with other employees at prescribed or freely chosen period (Warnecke *et al.*, 1977). Otherwise, it is considered as moving employees from workstation to workstation at a specific interval (Triggs and King, 2000). Having employees periodically exchange jobs by this approach can have a few employees or no one stuck in monotonous jobs.

Nelson and Bowen (2000) found that the employee's negative attitudes are linked to job dissatisfaction and could lead to customer dissatisfaction. From the human resource management viewpoint, job reassignment is the way to achieve such objectives as staffing jobs, orienting new employees, preventing job boredom, and training employees and enhancing their career development (Cheraskin and Campion, 1996). Some of the most common reasons for job reassignment are to broaden the individual's experience and to improve knowledge and skill (Straub, 1991; Cheraskin and Campion, 1996; Duffy, 1997; Bennett, 2003; Urbaniak, 2004). Job reassignment can also help to motivate employees since it provides variety to them (Maurer, 1985; Dowsland, 1998). Ortega (2001) stated that job reassignment can be used as a mechanism with which the organization can learn about the employees' productivities and the profitability of different jobs or activities. It

can be seen that the consequences of job reassignment are beneficial to organizations and employees themselves.

2.2.2 Benefits

When job reassignment is implemented, it affects the employees in both physiology and psychology way. Similarly, the employees who are not reassigned to another position can also be affected by not being reassigned. From various case studies, Triggs and King (2000) have summarized the perceived benefits of job rotation problem. These benefits include:

- Increase innovation/motivation
- Increase free-time activity
- Increase productivity and quality
- Increase ability to handle change
- Reduce boredom and monotony
- Reduce work stress
- Reduce Cumulative Trauma Disorders
- Reduce absenteeism
- Reduce turnover rate
- Create employee relationship
- Create cross-training

Burke and Moore (2000) developed theoretical propositions dealing with the effects of job reassignment program on non-reassigned employees. The basic principle is that non-reassigned employees' perceptions of injustice in various reassignment decisions will influence their work behaviors and attitudes. In regard to selection decisions made by managers in job reassignment programs (i.e., decision of who is to participate and who is not), non-reassigned employees will decrease their job and career satisfaction, increase resentment toward their supervisor, decrease their in-role performance and extra-role performance, and increase their rates of absenteeism and turnover. In addition, person factors and environment factors will strengthen the effect of non-reassigned employees' perception on their attitudes and behaviors.

In terms of work allocation decision, it will lead to decrease in their job satisfaction, increase in resentment toward supervisors among non-reassigned employees. It will also lead to increase in resentment towards reassigned employees and decrease in-role performance and extra-role performance. Regarding alternative career development options, non-reassigned employees will increase their fear of stagnation and decrease their work commitment. High frequency of reassignments will produce increased resentment towards reassigned employees. It will negatively influence non-reassigned employees' attitudes toward the job reassignment program and increase retaliatory behaviors.