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Examining the Implications of Performance Management for Potential Wage Capping

A Literature Review

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Introduction

This literature review focuses on exploring and analyzing the overall implications for performance management for potential wage capping. According to Cay and Lee (1993), the performance criteria of an organization need to include productivity, profitability, customer satisfaction, marketing effectiveness, as well as employee morale. In this viewpoint, employee performance is often relevant with organizational performance, as efficient and effective employee performance will have a positive influence on the overall organizational performance. On other perspective, Maine (2009), created a framework involving talent management, consists of recruiting, planning, learning, performance, succession planning, career development, measuring, compensation and reporting. In order to possibly organize a company efficiently, companies need to rethink their hiring process, training, and most especially, rewarding their employees. This will encourage employees to be competitive. Organizations seek to establish, increase and motivate performance of employees I various applications. As such, performance management needs to play a vital role in the HRM system of an organization, thus influencing the performance of employees, and eventually, with organizational performance.

Review of Literature

In order to answer established questions in this study, there is a need to do a review of literature in which a body of text focuses on reviewing critical points of existing knowledge, including the discovery of substantive findings, including methodological and theoretical contributions towards a specific topic. I will be introducing the definition of the term performance management, and afterwards providing a literature review as to how performance management system should be completed with three stages: planning and developing performance, reviewing and managing performance, as well as rewarding performance. There will follow an **extensive** literature review regarding measurement and employee performance, as well as the nature of relationship in between each of the stages in the performance management system, as well as employee performance.

Performance Management

The study involving performance management has already made its name in the field of human resource management. Performance is defined as implementing and management components of a causal model which leads to the timely achievement of stated objectives in constraints that are specific to the situation and the firm (Leem, 1997). In analyzing at organizational level, I assume that an entity which is performing well is one which attains its objectives successfully, or one that implements appropriate strategies effectively. The AMO model also claims that performance is a function of the motivation, ability and opportunity of employees to **participate**. This only means that a comply will take advantage most if it organizes the actual work process in a way that employees under non-managerial positions can have the opportunity to contribute effort, which may be achieved by providing them autonomy when it comes to decision making, and by offering good communication and employee membership. In order for the efforts to be highly effective, the employees should have the needed knowledge and skills. Lastly, the company should motivate the employees to use their abilities for the best of the company.



According to Fame (2003), the similarities in between general performance, along with HR relevant performance include planning, goal setting, feedback, as well as rewarding activities. However, HR relevant performance management aims on focusing on employee or manager management, thus motivating employees and managers to perform their best. It takes into consideration the overall definition of goals, as well as the measurement of goals attained, not just in terms of financial options, but also in meeting all aspirations of stakeholders.

Performance Management System

In various literatures, there are different performance management models. Each of the models comes with its own importance as a very effective system for organizational performance management, employee performance management, as well as for the integration of organizational management, as well as employee performance. This also involves different analysis levels, which are linked clearly to topics that are being studied with strategic HRM, and performance appraisals. The different terms also refer to the initiatives done in various organizations, such as performance based budgeting, planning, pay-for-performance, budgeting, as well as management by objectives.

Rewarding Performance vs. Wage Capping

Rewarding performance usually happens towards the end of an entity's performance period. The primary activities also include the evaluation of the skills and accomplishments of employees, including the need to discussing evaluation with the employees. It also evaluates overall effectiveness of the entire process. Its overall contribution to the organizational performance which can enable improvements and changes, also providing feedback to the company, as well as to individual staff regarding actual performance. Also, the effectiveness of any entity highly depends on personnel quality. This means that choosing the right people should be a priority in any organization; people who are highly motivated to do their job, thus making personnel promotion as an extra. This also means that an evaluation system should be required as this is essential in making administrative decisions. The system plays a vital role towards the motivation of people when it comes to using their capabilities in pursuing the goals of an organization.

References

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