CONTENTS

Introduction 1

01 Performance management – the concept 5

Performance management defined 5
A short history of performance management 5
Features of performance management 22
Conclusions 27
References 28

O2 Performance management – the reality 31

Performance management in the dock 31
How well is performance management working?
Lessons from research 33
Why does performance management fail? 40
Conclusions 45
References 45

03 Effective performance management 49

Guidelines on effective practice in performance management 49 Conclusions 62 References 63

04 What's happening to performance management? 65

Examples of changes to performance management systems 66 Conclusions 73 References 73

O5 Performance management – the issues 75

The issues 75
The role of HR 85
Conclusions 86

References 87

06 Improve objective setting 89

Introduction 89

The conceptual background 89

Criteria for an effective performance objective 91

Setting performance objectives 92

Objective-setting issues 98

Developing objective-setting skills 102

An alternative to objectives 102

Conclusions 103

References 103

07 Replace the annual performance review 105

Introduction: performance reviews under attack 105

The traditional approach to performance reviews 106

How are organizations responding to the challenge

and the problems? 110

Reinventing the performance review 114

Conclusions 116

References 117

08 Abolish rating 119

Introduction 119

Rating 120

Forced ranking 134

Performance pay decisions without ranking 135

Identifying potential 136

Conclusions 138

References 139

09 Enhance personal development 141

Introduction 141

Continuous development 141

Coaching 143

Conclusions 146

References 147

10 Provide training 149

Introduction 149

Formal learning 149

Methods 150

Workshops 151

Less formal learning 179

Conclusions 180

Reference 180

11 Reinventing performance management 181

Introduction 181

Areas for reinvention 182

Finally... 193

References 194

Appendix A

Performance management case study: Gap Inc 195

 $Appendix \ B$

Performance management case study: Microsoft 211

Index 221