

Performance management assignment

[Business](#), [Management](#)



Introduction: This is a case study of Square Pharmaceuticals Limited, Bangladesh. In the report I have analyzed the organization from the perspective of its 'Performance Management System' and how the organization uses its 'Teams and Groups' effectively. In my analysis I have used 2 different frameworks to analyze the two themes in question. One of them is the 'Performance Management Systems Framework' (Appendix 1, Fig 1) developed by David Otley & Aldonio Ferreira in 2009. The other is the Work group effectiveness framework by Campion et al. in 1993 (Appendix 1, Fig 2).

The data used to evaluate the organization is mostly primary data those I have observed during my work in the organization. Company overview: SQUARE Pharmaceuticals Limited is the biggest pharmaceutical company in Bangladesh. It has been in the 1st position in terms of market share and growth among all companies since 1985 (Square Pharmaceuticals Ltd. 2010). It was formed in 1958 and in 1991 it was enlisted as a public limited company in Bangladesh Stock Exchange. The sales turnover was US\$ 107. 91 million from April 2006 to March 2007 that represented a 16. 2% market share and a growth rate of about 23. 17% (Square Pharmaceuticals Ltd. 2010). Square pharma is one of the top pharmaceutical product exporters of Bangladesh. It has 3564 employees, 3 subsidiary and 4 associate companies in Bangladesh (Square Pharmaceuticals Ltd. 2010). Performance Management of Staff and Personnel: Performance management is directed towards improving the organizational, functional and the individual performance by linking it to the specific objective of each functional area

that aims towards achieving the overall organizational objectives (Stone 2005, p 276).

Performance management is a broader concept than the traditional concept of Performance appraisal that measures how well a job is being performed by an employee that is assigned to him against a set of criteria like achievements or productivity (Stone 2005, p 278). Heathfield expresses that a performance management system is not an annual performance review but a complete system that supports the creation of a reliable, motivated and dedicated set of employees (n. d.). In today's competitive world, it is important that the work objectives of the employees are properly aligned with the organizations objectives.

Storey and Sisson (1993) believes that performance management is an interrelated set of policies and practices that concentrates on achieving organizational objectives by improved individual performance (cited by Stone 2005, p 277). According to McNamara, the benefits of performance management are as follows (n. d.): • PM focuses on results rather than activities. So, in traditional performance appraisal an employee filling out forms manually may get high marks but on PM system that employee may be seen as inefficient as not supporting the company's overall objective of automation. Directs employee activities and processes towards the ultimate objectives of the company. • Cultivates the long term vision of the organization and sets up processes and measurement system according to that. • Provides a reliable base for comparison of employees and processes.

Performance Management at Square Pharmaceuticals Ltd. : I am going to

analyze Square Pharmaceuticals Limited's current performance measurement of staff and personnel by using the 'Performance Management Systems Framework'(Appendix 1, Fig 1). This framework is developed by David Otley and Aldonio Ferreira in 2009.

This framework is an extended version of Otley's previous performance management framework developed in 1999. Otley & Ferreira (2009) suggests that this framework puts more emphasis on managerial activities by accommodating managerial activity in the control system that was previously more departmental based (p 266). Vision and mission: The long term vision and mission of the company should be clearly stated and conveyed effectively to the managers and employees. A clearly stated vision and mission influences the behavior of the managers and employees.

The vision and mission of Square Pharmaceuticals are: Vision: Achieving social welfare of the investors, employees by being profitable (Square pharmaceuticals Ltd. 2010). Mission: Produce and market healthcare relief (Drugs) for people of good quality, innovation and maintain ethical standard (Square pharmaceuticals Ltd. 2010). Employees and managers are well aware of the quality standard and are very keen in not making an unprofitable decision. From my own experience I have observed that the employees are oriented with the vision and mission of the organization very early in their orientation program.

Key success factors: Otley & Ferreira (2009) indicates that the key success factors are the competencies, capabilities of the organization those are critical for its success and achievement of its vision (p 268). It is important

that the employees understand them and act accordingly. Square Pharma is determined quality and innovativeness as its key success factors. They ensure that WHO cGMP (Good manufacturing process) standards and Bangladesh Drug Authority regulations are maintained in every phase of procurement and production process (Square pharmaceuticals Ltd. 2010).

They regularly develop the skill of the employees by training them so that they can comply with the international standard requirements of ISO 9001 (Square pharmaceuticals Ltd. 2010). They have technical collaboration with Janssen Pharmaceutica, Belgium as a part of their quality and innovation process (Square pharmaceuticals Ltd. 2010). They are setting up factories according to the US FDA/UK MCA/UK MHRA standard. Medical representatives are trained to highlight the quality factors when promoting their products to the doctors'. All these help to conclude that they are working hard to accomplish their key success factors.

Organizational Structure: The organizational structure specifies individual roles and tasks to be carried out by the employees. The sales department of the Square pharma is led by the National Sales Manager, who is accountable to the General Manager. The following hierarchical posts down from the NSM are Asst Manager, Regional sales manager, Area Sales Manager and Medical promotion Officer. The company objective of promoting its product to strategically important doctors, get higher prescribing rate and thus higher sales are the objective of this team.

Even though the critical decision making is centralized, employees down the hierarchy can formulate some of the promotional strategy locally. Strategies

and plans: Otley & Ferreira (2009) suggests this step as how strategies for the success of the organization are generated and communicated to the employees. Emphasis is put on the identification of the strategy. In Square Pharma strategies of high investments like acquisition, merger is taken from the top level. But for other decisions they depend on a Bottom-up approach. The promotional expense determination is generally done according to the recommendation of field managers.

Which is then checked and pursued by the next managerial level to the higher level (Own observation). Key Performance Measures: They are the metrics (financial or non-financial) used to measure the success of the organization in achieving the key success factors, strategies and plans (Otley & Ferreira 2009, p 271). The Key Performance measures for Square pharma are number of prescriptions, sales turnover, number of visit to a particular doctor, reliability of a doctor towards a particular brand of drug, square's brand image that is based on quality etc.

Target setting: This is level of minimum performance in the key performance measure areas. Covaleski et al. (2003) points out that setting targets to evaluate and reward performance will gain more popularity in performance management (cited by Otley & Ferreira 2009, p 271). Square uses sales target, prescription target, new launch target etc in personal, regional and national levels. Performance evaluation: In subjective evaluation, the performance criterion are set by the evaluator and in objective evaluation the criterion are set earlier and there is no scope of adjustments (Otley & Ferreira 2009, p 272).

Square uses both evaluation systems. For example, when the presentation skills and attitude of a MPO is judged by the Area Manager and some criterion he/she believes are important. They are also evaluated objectively on target achievement. Reward Systems: Square uses financial incentives to reward its employees. A MPO achieving his sales target receives financial incentives. This is also applicable for managers too. Under achievement can lead to a deduction to their monthly income.

Performing personnel are rewarded within a reasonable period that actually keeps their moral up. Information flows, system and network: Information system deals with what sort of information sharing network the organization has in place and how it helps the performance management system in place (Otley & Ferreira 2009, p 273). Square implemented a company wide ERP system from SAP that links all its regional offices, distribution centers, production plant to the Head quarter and to each other. People can access real time sales data and generate formatted or ad hoc reports.

This helps them not only to make control decision by getting feedback on a particular operation but also use the information to generate and make adjustments to its current strategies and plans. This use of the information system is known as feed-forward information (Otley & Ferreira 2009, p 273). PMs Use: Square pharma diagnostically uses the information system by using target data, budget, achievement percentage etc. They use the control system interactively by reviewing sales data, prescription data that allows them to reevaluate the target or the plan.

PMs Change: According to Otley & Ferreira (2009) Performance management system must change to accommodate the change in the organization, business environment (p275). The key performance measures have changed from sales turnover to prescription generation, innovation and quality in recent years. Strength and Coherence: The coordination between different components described above is important for effective and consistent outcomes. There seems to a strong coherence between the components of the framework in case of Square pharma.

The identified key success factors are well supported by its key performance measures, target setting and performance evaluation system. Use of Work Groups in organization: The use of work groups is getting more popular in organizations (Campion et al. 1993). Clegg et al. (2009) believes that a team is a form of work group (p 93). So, like the authors, I am also going to use the terms interchangeably. Pina et al. (2007) suggests that the use of teams has increased as an answer to the increased competitive challenges. Square pharmaceuticals Ltd. uses work groups in its operations extensively.

The sales team is consists of few (generally 4-5) MPOs who are supervised by a Area Sales Manager. These sales teams (designed geographically) are part of a Regional Sales group. Sales teams are also divided according to business units. For example, a cardiovascular sales and promotion team. Groups are used in marketing department those are traditionally formed according to product lines. A particular group is in charge of new product development. Use of Work groups at Square Pharmaceuticals Ltd. : I am going to analyze the group effectiveness of the Sales teams based on a

framework proposed by Campion et al. in 1993. This framework suggests that group work effectiveness is a blend of Productivity, Employee satisfaction and Manager Judgments. These effectiveness criteria are affected by several group characteristics. These characteristics fall under 5 major themes. They are Job design, Interdependence, Composition, Context and Process. Job

Design: The sales force members enjoy a lot of autonomy or self management option as far as flexible work. As discussed earlier the input of the team members are taken into consideration when developing a strategy. According to Campion et al. (1993) self management and participation improves the effectiveness of the group as it brings a sense of responsibility and ownership to the organization in the mind of the employees.

Interdependence: Interdependent feedback and rewards is found to be highly related to one of the effectiveness criteria, employee satisfaction (Campion et al. 1993). It suggests that the feedback and rewards can motivate the group if they are linked to group achievements. All the sales groups have a group target that sums up to regional and national target. So, group achievement is highly important.

So, there is always a tendency to cover up sales for another member if the group is behind. **Composition:** Campion et al. (1993) suggests that if the team members are able to perform each other job, the group becomes more effective (p 828). The group members of the Square pharma sales team are flexible as far as job assignment is concerned. They can fill in for each other if required. **Context:** Square pharma conducts extensive training program for its staffs. They have knowledge enrichment training for its MPOs. The managers receive leadership training also.

I have observed adequate managerial support for the subordinates in every department. This is actually a part of the corporate culture of Square group.

Process: The team potency or its belief that it can be successful predictor of team effectiveness (Campion et al. 1993). The ‘team spirit’ of the sales teams of Square Pharma is usually very high. They know that they have the Brand image and the managerial support behind them. Square pharmaceuticals is doing very well in the job characteristics those have a positive relationship to the three stated group effective criteria. Conclusion:

Performance management’s focus on strategic planning and its intend to align organizational objectives with divisional and individual objective has made the concept a very important factor for organizational success. The analysis of Square pharmaceuticals performance management practices based on ‘Performance Management Systems Framework’ has shown that strategists and managers have been able to induce high level of employee performance by the effective use of performance management concepts. A company that relies largely on work groups must know how to use them effectively.

This is what Square pharma has done. They have used the techniques that improve the effectiveness of the teams by positively affecting the team effectiveness criteria such as productivity and employee satisfaction. Human Resource Management has provided a competitive advantage to the company and it must keep on improving it to make the advantage sustainable. References: Square Pharmaceuticals Ltd. 2010, accessed 22/02/2010, <http://www.squarepharma.com.bd/> Stone, R 2005, Human

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