

Management by objectives method

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



Performance appraisal is the process of designing and negotiating the method and criteria for the appraisal of performance, applying the method, and giving evaluation and developmental feedback to the person concerned (Fisher et al, 2003: 493). Following the job analysis on the Assistant Loans Manager for the ANZ Branch at West End Business Centre, an appropriate performance appraisal will be designed. Firstly, the purpose of the appraisal will be discussed. Followed by his will be the evaluation of which method is most suitable to use. Thirdly, the reason for rejecting the other options will be considered.

Finally, this report will address issues, which need to be addressed by management for successful implementation of the scheme. The purpose of this performance appraisal is developmental as it aims to improve employee performance, employee relationships and identify training needs (Graham and Kramer, 1995: 357). ANZ Business Centre at West End focuses on employee development and communication as opposed to creating barriers between the employee-employers relationship, which may occur in a performance appraisal with a promotional or remuneration purpose.

By integrating a developmental approach, employees are motivated to achieve higher work standards, whereas a remuneration or promotion performance appraisal may overshadow the other benefits of a performance appraisal (Michaelree, 1979: 48). These benefits include training and development, problem solving and planning. More specifically performance improvement will be the focus of the performance appraisal, which encourages continued successful performance and strengthens individual

weaknesses to make employees more effective, and productive (Graham and Kramer, 1995: 358).

When a highly structured performance appraisal is introduced to a flexible and collaborative work environment it needs to be devised and accepted by the employees and employer in order to reap the full benefits of the program (Rudman, 1995: 67). As this organisation is not hierarchical and employees are encouraged to give ideas and opinions it is more appropriate to use performance-related suggestions. Performance appraisal can be done by using an informal or a formal system, informal systems are usually found in small organisations, partly because day-to-day communication with employees is easier than in a large organisation (Hank, 1994: 19).

Conversely, a complex organisation like ANZ with several branches and divisions which has many employees will require a formal system in order to provide more sufficient information (Hank, 1994: 19). In choosing which performance appraisal method to use for the focal position, the following factors need to be considered. The performance appraisal method needs to fit with and support the organisation's other human resource strategies, management approach, organisational culture, structure, policies and programs which all have an overall impact on the performance management approach (Rudman, 1995: 28).

ANZ focuses on development and encourages employee participation in the performance appraisal process. The performance appraisal method has to recognize the particular needs of the organisation and its people as well as complement the structure and culture of the organisation (Michaelree, 1979:

49). Given that ANZ strives to become a learning organisation, with open lines of communication. This is achieved through adopting a performance appraisal method which does not cause barriers between the employee-employer relationship, rather focuses on strengthening and developing the relationship (Latham and Wexley, 1994: 50).

When developing a performance appraisal system management needs to consider the employee, the nature of their work, the working environment, and relationships involved (Rudman, 1995: 29). Being a community orientated friendly organisation, ANZ needs to encourage and keep employees motivated and passionate about their work and their role within the community. This can be done by improving employee skills, abilities and achievements, by setting challenging but attainable goals (www.

1000ventures.com/business_guide/mgmt_mbo_main.html). ANZ is focused on the results and achievements of its employees' rather than how they perform their job. They believe in retain the kind of staff that have the ability and knowledge to perform the tasks set out in their job descriptions, therefore making it unnecessary to focus on how the job is done. Furthermore employees are encouraged by setting objectives that constantly improve and monitor their performance.

It is therefore evident that the most appropriate method to use for appraising the focal position is the Management by Objectives (MBO) method, which is an objective based approach (Pecora and Hunter, 1988: 61). This approach is concerned with setting measurable objectives, performance standards and comparing those standards to actual

performance attained (Michaelree, 1995: 48). This result oriented approach involves mutually developed performance objective by workers and supervisors it allows a worker to self-monitor progress toward specific goals and permits creativity and discretion (Pecora and Hunter, 1988: 62).

Further more self appraisal allows the appraiser in this case the Relationship Manager - Paul Barnett to become aware of problems faced by the incumbent which he might not be aware of otherwise. This process provides ANZ with a good form of communication between the employer/employee relationships. Another important factor which needs to be addressed is the implementation of the method within the organisation. It is also essential that (MBO) is applied effectively and efficiently other wise it will fail to observe the different kinds of objectives that relate to different employee levels and roles (Richards, 1986: 5).