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**OVERALL GOALS AND BASIC STEPS OF PERFORMANCE MANAGEMENT IN TRANSPORT BUSINESS**

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***Abstract***. *Basic principles of performance management improvement and implementation to determine overall goals and basic steps of performance management framework have been formulated. The main steps of performance management have been presented.*

*Изложены основные принципы усовершенствования и применения системы взглядов Performance Management, дающие возможность определить ее общие цели и основные этапы реализации. Представлены главные этапы внедрения системы Performance management .*

***Key words****: performance management, main steps,* *implementation, improvement, performance management framework*

The continuous development improvement of human resource potential requires a successful performance system. Performance Management System was defined as a system that ensures performance standards and objectives, which performance is regularly assessed for accomplishments and that actions are taken to improve performance potential in the future.

The competitive edge of modern-day business emerges from creation or discovery of a performance management. A system that increases efficiency, decreases cost or enhances quality confers immediate competitive advantage on its creator and sets a standard for the rest of the industry to follow. But once disseminated across the field of competition, it becomes the standard. Now a new, yet more innovative, high performance system must be discovered that once more creates competitive advantage for its inventors.

Other than the above, employers can ride on the performance appraisal event to provide feedback to the employees regarding his or her past performance and to help them to improve their job performance. This exercise also provides opportunity for employees to express their feelings about the job and to increase interpersonal communication. From this it can stimulate interest in self-development for the purpose of greater personal development. Besides, performance appraisal will produce a databank of information which can be used for financial and non-financial rewards.

Change in people’s behavior results from the presence in great abundance of two items: dissatisfaction with their current condition and a vision of what a better condition looks like. Organizations that can make this vision their reality will create economic value for their stakeholders at accelerated rates and have the opportunity to achieve a sustainable competitive advantage, presuming their competitors do not get there before them [3].

Historically, performance management referred to individual employees and was used by the personnel and human resources function. Today, it is widely accepted as enterprise-wide performance management of an organization as a whole. Clearly the performance of employees is an important element in improving an organization’s performance, but in the broad framework of performance management, human capital management is just one component

The overall goal of performance management is to ensure that the organization and all of its subsystems (processes, departments, teams, employees, etc.) are working together in an optimum fashion to achieve the results desired by the organization.

Achieving the overall goal requires several ongoing activities, including identification and prioritization of desired results, establishing means to measure progress toward those results, setting standards for assessing how well results were achieved, tracking and measuring progress toward results, exchanging ongoing feedback among those participants working to achieve results, periodically reviewing progress, reinforcing activities that achieve results and intervening to improve progress where needed. Note that results themselves are also measures.

Note that these general activities are somewhat similar to several other major approaches in organizations, e.g., strategic planning, management by objectives, Total Quality Management, etc. Performance management brings focus on overall results, measuring results, focused and ongoing feedback about results, and development plans to improve results. The results measurements themselves are not the ultimate priority as much as ongoing feedback and adjustments to meet results [2].

The steps in performance management are also similar to those in a well-designed training process, when the process can be integrated with the overall goals of the organization. Trainers are focusing much more on results for performance. Many trainers with this priority now call themselves performance consultants.

The steps are generally followed in sequence, but rarely followed in exact sequence. Results from one step can be used to immediately update or modify earlier steps. For example, the performance plan itself may be updated as a result of lessons learned during the ongoing observation, measurement and feedback step.

1. Review organizational goals to associate preferred organizational results in terms of units of performance, that is, quantity, quality, cost or timeliness.

2. Specify desired results for the domain – as guidance, focus on results needed by other domains (e.g., products or services need by internal or external customers).

3. Ensure the domain's desired results directly contribute to the organization's results.

4. Weight, or prioritize, the domain's desired results.

5. Identify first-level measures to evaluate if and how well the domain's desired results were achieved.

6. Identify more specific measures for each first-level measure if necessary.

7. Identify standards for evaluating how well the desired results were achieved.

8. Document a performance plan – including desired results, measures and standards.

9. Conduct ongoing observations and measurements to track performance.

10. Exchange ongoing feedback about performance.

11. Conduct a performance appraisal (sometimes called performance review).

12. If performance meets the desired performance standard, then reward for performance (the nature of the reward depends on the domain).

13. If performance does not meet the desired performance standards, then develop or update a performance development plan to address the performance gap.

14. Repeat steps 9 to 13 until performance is acceptable, standards are changed, the domain is replaced, management decides to do nothing, etc. [5].

University mathematician and Nobel Prize winner, John Nash introduced a theory describing how rational human beings should behave when there is a conflict of interests. In the Academy Award–winning movie about Nash’s life, A Beautiful Mind, he said: I like numbers, because with numbers truth and beauty are the same thing. You know you are getting somewhere when the equations start looking beautiful. And you know that the numbers are taking you closer to the secret of how things are.

The executive management teams with the courage, will, caring attitude, and leadership to take calculated risks and be decisive will likely be the initial adopters of fully integrated performance management systems and will achieve its full vision. Other executive management teams will follow them [1].

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