International Journal of ASRO
Volume 11, Number 03, pp. 140-145
Sept 2020

PERFORMANCE MANAGEMENT AS A MEDIA OF CHANGE TOWARDS ORGANIZATION IMPROVEMENT

Heru Kreshna Reza[1], Sukmo Hadi Nugroho[2]

[1,2] Esa Unggul University, Jakarta Indonesia

ABSTRACT

Management in an organization is the main activity that differentiates an organization from other organizations in providing services to humans. The success of an organization in providing services to its customers can be observed through the performance produced by the organization. The performance of an organization can be seen as good results if managerial performance and organizational performance can be combined, combining these two performances requires the organization to face changes. Change can occur because of something that comes from within or from outside an organization. Change management is an important thing in an organization. Change occurs through revolution, reform, evolution, and innovation. Everyone is certainly different in responding to change. Some of the responses included rejecting, being ignorant, not ready, and ready. The difference in these responses makes each person get different choices from change.

Keywords: *Performance Management, Change Management, Organization*

I. INTRODUCTION

Management in an organization is the main activity that differentiates an organization from other organizations in providing services to humans. The success of an organization in achieving its goals and social responsibility is largely determined by the role of the managers that the organization has. If the manager is able to carry out their duties properly, the organization where the managers take shelter is also expected to succeed in meeting the needs and goals of the organization.

An organization is declared successful if in providing services to its customers it can be observed and measured through the performance produced by the organization. The performance of an organization can be seen as good results if managerial performance and organizational performance can be combined. Managerial performance is a measure of the effectiveness and efficiency of a manager in carrying out his activities within the organization to help the organization achieve its goals. Meanwhile, organizational performance measures the level of effectiveness and efficiency of the efforts made by the organization to achieve the goals of the organization (Achmad Amins, 2009).

II. MATERIALS AND METHODS

Based on the description above, it can be stated that performance is an expression of the behavior or way of a person or group of people carrying out an activity or task to produce a product which is a form of all the duties and responsibilities of the job assigned to it. Fundamentally, the definition of performance management is a series of activities starting from performance planning, performance monitoring/review, performance appraisal, and follow-up in the form of rewards and punishments and a series of activities that must be carried out sustainably.

A J. Winadi (2010) defines Performance Management as a work process of a collection of people to achieve predetermined goals, where this work process takes place continuously and continuously. Meanwhile, according to the Directorate General of Budget, performance management is a strategic and integrated process that supports organizational success through the development of performance aspects that support the existence of an organization. The implementation of performance management is not only oriented to one aspect but an integrated aspect in supporting the running of an organization (J. Winadi, 2010).

Performance management is a process of consolidating goal setting, assessment, and performance development into a single, common system, which aims to ensure employee performance supports the company's strategic goals. According to Udekusuma, defining performance management is a management process designed to connect organizational goals with individual goals in such a way that both individual goals and company goals can meet. In this case, for workers not only individual goals are achieved but also play a role in achieving organizational goals, which make them motivated and get greater satisfaction. Effective performance management will be able to produce several things in an organization (M.N Nasution, 2010):

a. Clear goals for the organization and the correct process for identifying, developing, measuring, and addressing objectives.
b. Integration between broad organizational goals created by management aimed at individual workers.
c. Greater clarity about the needs and goals of an organization.
d. Implementation of ongoing dialogue activities between management and workers in an organization.
e. Development of a more open environment.
f. The company can achieve the desired results.
g. Encourage personal development.

II.1. Performance Management Stages

According to Mardiasmo (2002), there are four main stages in the implementation of performance management. This stage becomes a performance management cycle that is interconnected and supports one another:

a. The first stage is the stage of identifying work behavior and the basis for measuring performance. Then, concrete directions are made to work behavior and planning against targets to be achieved, when to be achieved, and the assistance that will be needed. Target indicators are also defined at this stage. A target must be clear what will be achieved and how to achieve it (specific), measure its success (measurable) and other people can understand/see the success. Targets must be possible to achieve, not too low or too high (achievable), reasonable and in accordance with the conditions/reality (realistic), and clear goals (timebound).

b. The second stage is the application of monitoring to organizational processes. This stage focuses on managing, supporting, and controlling the process so that it stays on track. The path that is meant here is the criteria and work processes that are in accordance with applicable procedures in an organization.

c. The third stage includes the evaluation step. Evaluation is done by a flashback/review of the performance that has been implemented. After that, the performance is assessed/measured (appraising). This stage requires documentation/record data relating to the object being evaluated. Evaluators must be objective and neutral in order to obtain valid evaluation results.

d. The fourth stage focuses on development and rewards. The results of the evaluation serve as guidelines for determining decisions regarding subsequent actions. Decisions can be in the form of remedial steps, giving rewards/punishments, continuing an existing activity/procedure, and establishing a budget.

II.2. Performance Management Objectives

The objectives of performance management are (Ruky, 2001):
a. Organize organizational performance in a more structured and organized manner.
b. Knowing how effective and efficient an organization's performance is.
c. Help determine organizational decisions related to organizational performance, the performance of each part of the organization, and individual performance.

d. Improve the overall capabilities of the organization with continuous improvement.
e. Encourage employees to work according to procedures, enthusiastically, and productively so that work results are optimal.

III. RESULT AND DISCUSSION

III.1. Problems in change

Many problems can occur when changes are about to be made. The most frequent and prominent problem is "resistance to change itself". A very popular term in management is resistance to change. Rejection of change is not always negative because it is precise because of the rejection that changes cannot be carried out carelessly. Rejection of change does not always appear on the surface in a standard form. The refusal can be obvious (explicit) and immediate, for example filing a protest, threatening a strike, demonstration, and the like; or it could be implied (implicit), and gradually, for example, loyalty to the organization decreases, work motivation decreases, work errors increase, absentee levels increase, and so on.

III.2. Why Organizations Must Change

Change Management is an effort made to manage the consequences caused by changes in the organization (SulistiyaniI et al, 2003). Change can occur because of something that comes from within or from outside an organization. Change management is an important thing in an organization. A pearl of wisdom states that change to believe or not is one of the rules in life, it is the most important component in life if we want to achieve progress and success. Change occurs through revolution, reform, evolution, and innovation. Everyone is certainly different in responding to change. Some of the responses included rejecting, being ignorant, not ready, and ready. Different perceptions about change can make each person get different choices from a change. The reasons for an organization to change are based on several things, including:

a. Needs To Change

A change is taking place, the first and second levels of change have mostly been fulfilled, the large centralized corporate hierarchy has arrived to replace the small. The third level where the hierarchical company develops a more decentralized business network is made possible by relying on technology that lowers communication costs, for example, e-Bay vendors.

b. A Modern Management System Model.

The management cycle consists of (Veithzal Rivai, 2011):

1) Rationalization

When the vision and strategy have been formed, a company needs to go through a process of rationalization to ensure that the strategy is realistic and achievable before determining its success.

2) A binding agreement

Before a company executes a strategy, it must address specific areas of focus and deliverables. A binding approval process documents a company will make (capital, people, materials, programs, and so on) and desired outcomes, including income, spending, profits, and market share. The one-time binding approval process is complete and the company can begin implementation.

3) Step

Trace is a process used during execution to provide a one-step feedback loop for the operational feed.

4) Perspective

Perspective is a company process during evaluation activities to ensure that the company has the most complete view of what was done and what was not done, and what should be changed in the future to improve performance.

c. The Role of Company Performance Management (CPM)

1) Company Performance Management and Planning

a) Integrated planning

There are many finance and activity plans that also include strategies for operating plans, view and design revenue and expense scenarios, and forecast cash flow as planning, expenses, as well as marketing planning, sales, and administrative budgets.

b) Dynamic and updates from time to time In the planning process, companies use FMS to support best practice in planning results are very beneficial, because:

- Faster, more responsive to change in a way that reduces planning cycle time
- deeper user visibility by making all the planning data needed across the company in one, easy-to-use application
- performance can be predicted in other possible ways and it is continuous between performance and tangible results, and there is harmony between maintenance and projecting between projection and execution
- optimal allocation of resources by linking planning across firms based on logical dependencies
- entitles full voting and unified direction across the company by ensuring that at each multi-level period it takes detours to achieve a common goal
- clearer vision, greater creativity, and stronger leadership, by allowing a company to test a variety of scenarios

more confidence in planning and forecasting and using a control approach.

2) Planning as a change process
Companies use CPM in planning and budgeting functions, namely financial data and operations. Besides, CPM can also be used to forecast labor and construction costs for company locations as a result of new developments. CPM also simplifies the company's entire financial process, helping managers focus on budget analysis, planning, modeling, and forecasting in data entry and collection mechanics.

3) Borrowing capital to improve performance
A financial services supervisor is an example of a company that uses CPM to achieve both its objectives, namely fulfillment, and better performance. Companies that apply CPM earlier for budgeting can easily produce the necessary reports.

4) Directing the adoption of CPM
To integrate with a very broad strategic unit and further reduce the reporting cycle, the company implemented one CPM management that was applied at its head office, which took only about three months. Companies are shortening their reporting time and reducing data collection time, from a week to hours. This means that the company is able to reduce the number of people needed to carry out financial consolidation.

5) A range of motivation
Companies use CPM to bring common processes and systems to business as well as their share of consumers who are currently using similar data but different systems and methodologies to measure performance.

6) Towards greater responsibility
CPM helps companies towards greater responsibility, where individuals at all levels work collaboratively to achieve common corporate goals, make breakthroughs in performance, and take responsibility for all actions.

d. Introducing Job Appraisal

The performance appraisal system is a key element in the development of an

important company thing, namely employees.
1) How do employees receive feedback?
2) How do employees find what to expect?
3) How do employees get their job goals?
4) How is the individual in the company?
5) How do employee development and training needs to determine employee performance?
6) How to recognize employees well and be rewarded if they excel?
7) How do employees deserve certain promotions or positions?
8) How can the company protect itself against prosecution for unfair or legal discrimination, dismissal, dissolution, or discrimination?

The problems with implementing the CPM system are:
1) Company problems such as the use of performance achievement against company goals.
2) The monitoring problem is associated with the belief that the assessment is incompatible with company goals and open to their creativity.
3) Problems such as various employee expectations and system expectations.

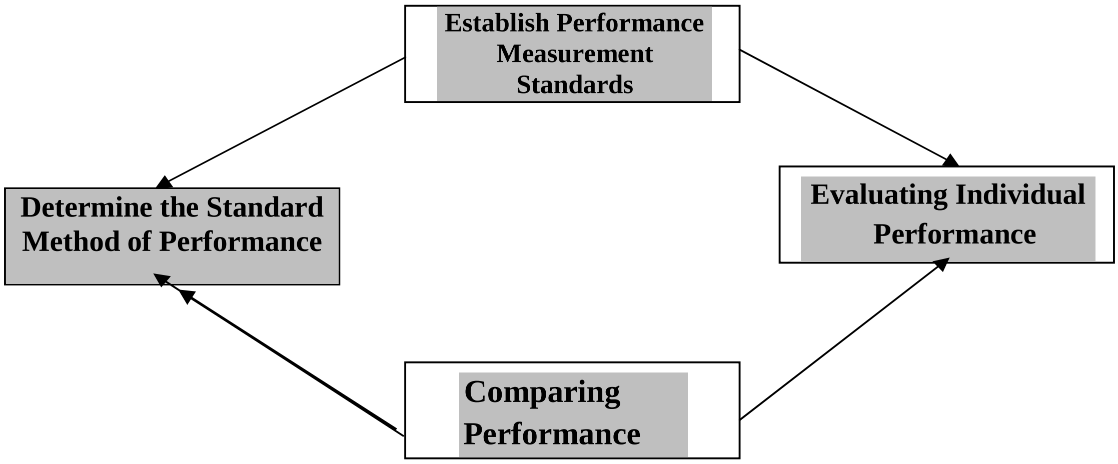

Figure 1. Performance Appraisal Cycle

d. Manage Company Performance Management (CPM)

CPM is an acceptable methodology that enables organizations to increase efficiency and competitive value, reduce business risk, organize strategic records, increase speed, and increase collaboration between individuals and business units. The CPM system supports the adjustment of the CPM methodology by moving CPM in a larger and more efficient direction, strengthening its capabilities so that it is simpler to use, and significantly reduces the total cost of ownership. The MPK system should enable the organization to do the following:

1) Make a neat and thorough decision
2) Understand the effects of changes across activities
3) Reduce latent hazards
4) Create transparency and measurability in all activities
5) Connecting people, processes, and other systems in activities
6) Reduce the total cost of ownership of CPM
7) Control data for future growth

Factors that influence CPM:

- Business users must be able to access CPM products specific to their needs and not generic management products.
- Business users must be able to continually upgrade their products to match what they need.
- Business users must be able to link individual CPM products to the networks that cover the entire organization.
- Business users must be able to implement CPM based on business users and focus on the latest business priorities rather than uniform activity products.

CPM Products:
- Financial management

- Planning
- Modeling
- Promotion boards and scorecards

CONCLUSION

The existing business dynamics, technological innovation, economic progress, and population growth create many problems that will occur and will be followed by changes. The problem that occurs most often and is very prominent is resistance to these changes. Rejection of change does not always surface in standard form, sometimes it can be explicit and immediate, such as: raising protests, threatening strikes and demonstrations. By implementing CPM, it is expected that an organization or company can process these changes for the progress of the company or organization. Because with CPM, it is hoped that the company or organization will be better prepared to face change, handle these changes and the conflicts that exist in them, and then make them a means to make a big leap forward.

ACKNOWLEDGEMENT

The authors greatly acknowledge the support from Esa Unggul University Jakarta Indonesia for providing the necessary resources to carry out this research work. The authors are also grateful to the anonymous reviewers and journal editorial Agency for their many insightful comments, which have significantly improved this article.

REFERENCES

Achmad Amins. 2009. Local Government Performance Management. Yogyakarta: LaksBang Pressindo.

J. Winadi. 2010. Management of Change (Management of Change). Jakarta: Prenada Media

M. Nur Nasution. 2010. Management of Change. Bogor: Ghalia Indonesia

Mardiasmo. 2002. Regional Autonomy and Regional Financial Management. Yogyakarta: Andi Offset

Ruky, A.S. 2001. Performance Management System. Jakarta: PT. Gramedia Pustaka Utama

Sulistiyani, A.T and Rosidah. 2003. Human Resource Management: Concepts, Theory and Development in the Context of Public Organizations. Yogyakarta: Graha Science

Veithzal Rivai, Detri Karya, Elfindri, Johanes Basuki, Deddy Mulyadi, Romeo Rissal Panjialam, Haryadi. 2011. Corporate Performance Management From Theory To Practice. Bogor: Ghalia Indonesia