

The Performance Equation

(This equation and the brief notes accompanying it are reproduced with permission, and are available for downloading.)

For further explanation and discussion of this 'equation' please refer to *Making it Happen*, by M. Ainsworth and N. I. Smith (Prentice Hall, 1993) or to *Managing Performance*, Managing People by M. Ainsworth, N. Smith and A. Millership (Prentice Hall, 2002).

The authors of *Making it Happen* developed a 'Performance equation' as a way of identifying the variables affecting performance and of showing their relationship. This is reproduced as:

$$P = R_c \times C \times E \times V \cdot (P_f \times R_w)$$

where:

- P = Performance (or productivity, or proficiency, or however the organization describes the work effectiveness of a person or small group).
- R_c = Role clarity (How well do people, singly and collectively, know what is expected of them?)
- C = Competency (Do people have the knowledge and skills to do what is expected?)
- E = Environment (Is the work place -- the physical environment, the tools available, the group factors, the organizational structure/culture -- conducive to doing the things required?)
- V = Values (Do people generally accept that what they're asked to do, and what the organization does, is not wrong?)
- P_f = Preference Fit (Are people generally in jobs they like?)
- R_w = Reward (Are people rewarded appropriately with reference to their expectations, their performance, their individual motives, and their need for feedback?)

This is not offered as a mathematical model, but takes the format of an equation to assist recall and to emphasize the relationship of the variables --- the 'x' between the variables is meant as a multiplication sign, and thus suggests that if any one of the variables approaches zero, then P will similarly be small.

$$P = R_c \times C \times E \times V \cdot (P_f \times R_w)$$

How measured? Is this Productivity or more qualitative performance judgements (or even more subjective)?

Includes the ideas of:

- Each person knows what is expected of him/her. Roles are clear!
- Everybody knows how they fit in the bigger picture.

What skills/knowledge needed todayand what is the current quality?

What is needed in the foreseeable future?

What projected deficiencies?

At least 3 major elements:

- (1) PHYSICAL The tools and work place.
- (2) THE HUMAN ENVIRONMENT Issues of compatibility, team cohesiveness, leadership.
- (3) THE ORGANISATION ... clarity of structure, systems, communication of priorities and emphases, work culture.

Probably a 'negator' of performance rather than a multiplier ---- 'not right' and 'wrong' are equal at a score of 1, whereas 'wrong' is a score of 0. (And of course there are all shades of grey in between).

Rewards may be either

EXPLICIT – things the manger or organization gives or says, or

INTRINSIC to the work, directly rewarding individual's motives.

The degree to which an individual's preferences and the preference demands of the job 'fit' affects the following:

JOB SATISFACTION

'TIME MANAGEMENT' -- both in terms of discretionary time and particular bias to tasks.

Preparedness to WORK OUTSIDE NORMAL HOURS (where relevant)

The preparedness of an individual to ADAPT TO CHANGE

RETENTION OF TALENT

Clearly these variables differ in significance from one organization to the next. Some organizations are somewhat bureaucratic, with R_c and C emphasized but with common reward systems across whole classes of employees (i.e. low emphasis on R_w). Others are overtly entrepreneurial, emphasizing individual freedom (high attention to P_f even if sometimes by accident) and results-based rewards (a highly variable R_w). We could view the equation as

$$P = aR_c \times bC \times cE \times V.(dP_f \times eR_w)$$

when a, b, c, d, e are particular weightings for each of the variables. These weights vary from organization to organization, reflecting the different cultures of organizations.

Many managers find this equation a useful guide when attempting to diagnose performance. If you are using it this way, don't forget the importance of:

- The outside environment this is not part of the equation as offered here, but everybody who comes to work comes from some place, and if that place is placing strain on the person then performance may suffer.
- The equation as offered does not make feedback explicit. This is important for effective performance. Perhaps the equation might be better stated as

