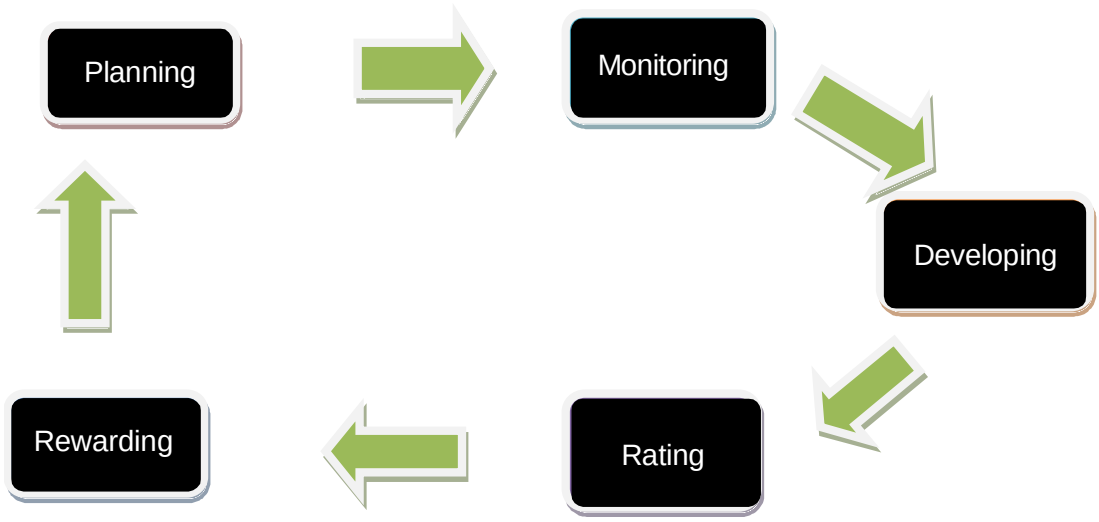


The employee management effectiveness is one of the most important factors in achieving the company success and its competitive advantage. Therefore, performance management is the continuous process of planning, monitoring and reviewing employees' work objectives and their overall contribution to the company.

The performance management cycle includes three main stages namely

- Performance management planning: The planning stage of the performance management cycle involves both the employees and managers. On this stage, the manager and the employee agree what the employee must accomplish, to what standard (for eg., the production goals) and identify how the results will be measured. They also negotiate about the competencies (such as customer satisfaction areas and promotional decisions) that are necessary for effectively accomplishing the company's performance and define the development and studying the employee needs to eliminate gaps in his/her competence.
- Performance management monitoring: The employee performance and progress should be continuously monitored. "Continuous monitoring" doesnot mean watching every aspect of how the employee fulfills the assigned tasks and activities. Managers should focus the attention on the achieved results, individual and team dynamics affecting the work environment.

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