

## **An Empirical Study of Performance Management System: Implementation of Performance Management Cycle to Achieve High-Performance Culture at Pertamina Company, Indonesia**

**Authors :** Arif Budiman

**Abstract :** Any organization or company that wishes to achieve vision, mission, and goals of the organization is required to implement a performance management system or known as the Performance Management System (PMS) in every part of the whole organization. PMS is a tool to help visualize the direction and work program of the organization to achieve the goal. The challenge is PMS should not stop merely as a visualization tool to achieve the vision and mission of the organization, but PMS should also be able to create a high-performance culture that is inherent in each individual of the organization. Establishment of a culture within an organization requires the support of top leaders and also requires a system or governance that encourages every individual in the organization to be involved in any work program of the organization. Keywords of creating a high-performance culture are the formation of communication pattern involving the whole individual, either vertically or horizontally, and performed consistently and persistently by all individuals in each line of the organization. PT Pertamina (Persero) as the state-owned national energy company holds a system to internalize the culture of high performance through a system called Performance Management System Cycle (PMS Cycle). This system has 7 stages of the cycle, those are: (1) defining vision, mission and strategic plan of the company, (2) defining key performance indicator of each line and the individual ('expectation setting conversation'), (3) defining performance target and performance agreement, (4) monitoring performance on a monthly regular basis ('pulse check'), (5) implementing performance dialogue between leaders and staffs periodically every 3 months ('performance dialogue'), (6) defining rewards and consequences based on the achievement of the performance of each line and the individual, and (7) calculating the final performance value achieved by each line and individual from one period of the current year. Perform PMS is a continual communication running throughout the year, that is why any three performance discussion that should be performed, include expectation setting conversations, pulse check and performance dialogue. In addition, another significant point and necessary undertaken to complete the assessment of individual performance assessment is soft competencies through 360-degree assessment by leaders, staffs, and peers.

**Keywords :** 360-degree assessment, expectation setting conversation, performance management system cycle, performance dialogue, pulse check

**Conference Title :** ICVPS 2017 : International Conference on Vision and Performance Studies

**Conference Location :** London, United Kingdom

**Conference Dates :** March 14-15, 2017