What Elements of a Performance Management Framework Have Been Shown to Promote High Levels of Participation?

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What Elements of a Performance Management Framework Have Been Shown to Promote High Levels of Participation?

Abstract
Many companies are quickly learning that traditional performance management processes are hindering their growth. In order to begin implementing an effective performance management system, it is important that companies start by instilling a culture that enables this. According to Deloitte’s Human Capital Trends of 2015, only 8 percent of companies surveyed believed that traditional performance management drove business value. Some of the best practices for implementing employee performance appraisals can be found by focusing on the following topics:

● Choosing the appropriate performance appraisal method
● Creating a culture of feedback & coaching
● Preparing for the future - ePerformance appraisals & technology

Each topic will discuss a) the importance of the topic at hand; b) how companies can start to develop best practices, and c) organizational case studies of success.

Keywords
human resources, performance management, future of performance appraisals, future of work, employee coaching

Comments
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Executive Summary

RESEARCH QUESTION
What elements of a performance management framework have been shown to promote high levels of participation and foster meaningful discussion, particularly in large, traditional corporate settings?

INTRODUCTION
Many companies are quickly learning that traditional performance management processes are hindering their growth. In order to begin implementing an effective performance management system, it is important that companies start by instilling a culture that enables this. According to Deloitte’s Human Capital Trends of 2015, only 8 percent of companies surveyed believed that traditional performance management drove business value. Some of the best practices for implementing employee performance appraisals can be found by focusing on the following topics:

- Choosing the appropriate performance appraisal method
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Each topic will discuss a) the importance of the topic at hand; b) how companies can start to develop best practices, and c) organizational case studies of success.

CHOOSING THE APPROPRIATE PERFORMANCE APPRAISAL METHOD
It is important that companies begin by choosing the appraisal method that best fits their organization. Not all performance evaluation methods are appropriate for all employers and all organization types. In order to begin choosing an appropriate performance evaluation method (i.e. qualitative vs. quantitative methods), employers should consider the following factors:

- Validity or relevance of method: Does the appraisal method accurately reflect key indicators that measure employee performance?
- Minimization of biases and errors: Does the appraisal reduce the chances of raters making errors or acting on biases?

Other factors also include: Management or non-management application: Does the performance appraisal method used help capture the employer’s or supervisor’s capability to motivate and direct employees? Types of jobs employees perform: Does the choice of appraisal reflect the type of work employees perform (i.e. is the work more service oriented or more numbers driven?). Ease of use: Is the appraisal process understood and accepted by both raters and employees? Nature of work relationships: Does the appraisal highlight relationships between employees and supervisors, employees and peers, and employees and customers. What kind of interaction is required and at what level to complete particular tasks? Usefulness in productivity improvement: Does the appraisal prove useful as a tool to improve employee productivity and performance? Reliability of method: Does the appraisal method provide the same scores regardless of who and when the appraisal is done?

In choosing the best practices, managers should think of their employees' performance as an ongoing conversation with “checkpoints” at regular intervals, where some are more formal than others. Managers should provide timely and meaningful feedback during an evaluation period, and should share and set clear expectations for employees. It is important not to set the bar too low, as you cannot correct this at the end by telling the employee that he/she should have done more. The qualitative process approach helps employees to plan for success.

Case Study: In 2012, Adobe’s CHRO Donna Morris successfully replaced the annual rating appraisal system with more frequent, informal conversations between managers and employees. The company justified the shift to a more qualitative approach, as work was increasingly becoming more knowledge-based and difficult to measure. After the implementation of the new appraisal system, employees received feedback at least every month, a process and that Adobe calls a “check-in”. The company also developed
a series of resources that enabled managers to have meaningful career and growth discussions with employees. Perhaps more important the curriculum focused not only on training managers, but also on training employees to enable them to coach themselves and drive their own career growth (8).

**CREATING A CULTURE OF FEEDBACK & COACHING**

It important that companies start by focusing less on strict evaluation, and more on elements such as “agile goal setting, regular feedback, coaching and development.” (8)

To develop this culture, companies can start by investing in tools that facilitate coaching. A Center for Advanced Human Resource Studies (CAHRS) survey of 13 companies across the financial, manufacturing, and pharmaceutical industries found that an effective way to do this is to have employees complete a “talent profile” and to have managers engage with them using the same tools (6). Companies can also invest in manager training in order to hold such discussions. This doesn’t necessarily have to happen through formal training, as one participant found success by having manager-to-manager sessions on how to hold these conversations. Finally, it is important that companies clearly established career paths laterally and horizontal for employees. Having these in place can help make coaching and feedback discussions easier later on.

**Case Study:** In 2011, Texas RoadHouse, a restaurant chain, replaced their 5-point performance appraisal method with a new system that emphasized employee growth, career planning, and support. They instilled a culture where managers are encouraged to have frequent one-on-one conversations with employees, rather than simply relying on performance reviews that happen once a year. With a stronger focus, performance appraisals now focus on three issues: 1) future career opportunities for employees, 2) how employees can prepare for those opportunities, and 3) the resources available to them in order to be successful (5).

**PREPARING FOR THE FUTURE – E-PERFORMANCE APPRAISALS & TECHNOLOGY**

E-performance management is one area where technology can automate the collection of performance data, monitor employee work and support the development and delivery of performance appraisals (3). Motivations for implementing e-performance management includes: improving access to performance data, providing data that can make performance appraisal more objective & valuable, reduces biases in appraisals and linking performance information to other HR data (1,4).

One of the best practices for e-performance management involve designing the system to capture HR data at multiple levels (1). Managers should communicate and work with their teams to determine which type(s) of data should be captured in order to help them be more effective in their jobs. In addition, the emphasis of the e-performance monitoring system should be on providing feedback to employees to enhance their performance, as many companies mistakenly design systems that simply gather information on their teams (5). Finally, companies should consider utilizing real-time applications, such as those on mobile devices that enable “live” inputs of employee data critical to performance.

A key challenge many companies face is the use of different technologies that do not integrate well with one another. Because of this, a CAHRS workgroup found that more companies are migrating their systems to solutions such as Workday and Success Factors (7). These offer integrated packages for HR service delivery, and “cover” the entire employee lifecycle, from development plans to performance management to learning. In addition, more companies are realizing that mobile devices can potentially serve as valuable tools for recognition and feedback, particularly among millennials (8). Increased success can be found through “event capturing,” which encourages managers to capture shorter but more frequent employee evaluations. These in turn become the more formal “behavioral profiles” that form the basis for performance discussions later on.

**CONCLUSION**

Having an effective performance management system in place can reap large rewards for an organization’s employee engagement and retention. Companies can start this process by simplifying appraisal processes, providing support for coaching, and investing in the appropriate technologies that enable these capabilities. As more organizations are getting rid of traditional appraisals and forced rankings, performance management today is transforming into a tool that drives employee morale, engagement, and performance.
Works Cited


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