



Paper

Performance Management

Making it work

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HR Essentials 4

Performance management is a confusing term as it is used by different groups in different ways. For HR people it has become more or less synonymous with performance appraisal but others conceptualise it in a broader sense of all the systems and processes for measuring and managing organisational performance¹.

The problem with performance management as practised too often by organisations is that it is seen as a bureaucratic and mandatory HR process; one that suffers from being stuffed full of too many potentially competing objectives². This both risks a lack of clarity and makes for a cumbersome process.

The complexity of the manager's task has increased even further over recent years with the understandable wish to consider how staff do their job (attitudes and behaviours) along with the tasks completed, and targets met. This has spawned competency frameworks where appraisees are assessed on a range of performance inputs and added to these are supporting self-assessment, 180° or 360° feedback exercises. Future potential as well as immediate development needs may also be thrown into the mix.

To have all of the possible elements reflected in 'all singing, all dancing' performance appraisal requires managers to not only review a wide range of content and use of multiple processes, but also to apply different modes of management, all of which can be tough on them to deliver well. Delaying (increasing the typical manager's span of control) and the growth of remote working (making it harder to review performance) have added further challenges.

Moreover, the desire to have common, standard processes to allow internal benchmarking and celebrate being part of 'one company' has led to uniformity of approach, even in the face of workforce variation through geography, occupation, seniority and organisational engagement. E-enabled systems have facilitated standardisation, helping by reducing the paperwork involved, yet at the same time making the process appear even more 'top down' and controlling.

The response of organisations has been variously to address these problems by:

- Trying to de-clutter the process. The removal of performance ratings has been one action that has had much press coverage (with no adequate explanation of how performance-related pay is operated without them). It is critical that any pay link is understandable and transparent.

¹ Pidd, M (2012) *Measuring the Performance of Public Services: Principles and Practice* Cambridge : Cambridge University Press

² Hirsh W, Brown D, Chubb C, Reilly P (2011) *Performance Management: The Implementation Challenge: Key research findings*, HR Network Paper MP89, Institute for Employment Studies.

- Emphasising the continuous nature of performance management by stressing regular one-to-ones and two-way communications rather than seeing appraisal as an 'annual ritual'. This has put a greater emphasis on the coaching skills of line managers and the engagement of employees.
- Reflecting positive psychology thinking in the assessment process by focusing on strengths rather than on weaknesses and building upon neuroscience research that emphasises differences in how people think.
- Prioritising the need for a 'golden thread' that should run through the process from business strategy to work objectives.
- Using technology to standardise and speed processes without inadvertently dehumanising them.
- Introducing values statements in place of competencies to reinforce the need for certain behaviours and to guard against others.

All of these have worked to varying degrees. Here we offer tips based on our research and experiences of what organisations can do to make performance management work for them.

Ten practical tips for performance management

1. Be clear as to your aim and priorities, eg: how can we maximise the contribution of employees to the success of their organisation whilst developing their future capabilities?
2. Always reinforce the connection between performance management and organisational goals (eg in choosing to emphasise innovation or control), whilst being mindful of the organisational culture within which it will operate and the benefit of reflecting individual, developmental goals as well as top-down ones.
3. In emphasising that the primarily benefit is performance improvement, recognise that there are key steps to achieve this:
 - a. Feeding back on past performance (including recognition of achievements)
 - b. Ensuring clarity regarding future role
 - c. Agreeing to work goals
 - d. Identifying the means to remove obstacles to good performance
 - e. Specifying future development needs
4. Make the process clear and simple, and restrain from fiddling with it. Keep paperwork to a minimum and require only essential materials to be returned to HR (eg fact of

meeting, learning or other commitments given). This approach can increase flexibility such that the form of discussion suits the needs of the particular participants rather than feel straight-jacketed by a standardised process.

5. Stress the all-year nature of performance management and the balance between periodic, more formal reviews and frequent performance discussions
6. Recognise that there may be other separate but linked processes such as those relating to talent management or reward.
7. Encourage senior management to see performance management as a true business process that they own and that HR's role is to facilitate its execution.
8. Ensure that line managers and staff better understand the point of performance management and the different processes that contribute to it. Try to engage employees as much as possible in the design and execution of performance management, making clear that this is a process (especially the development part) for everybody not just the exceptional – good or bad.
9. Upskill managers to manage performance better. That means being able to hold open conversations with their staff emphasising that it is a secure environment in which to raise issues; aligning priorities, giving and receiving feedback; coaching and motivating; managing under-performance.
10. Monitor the performance of your processes: firstly, in terms of delivering against objectives and impact on organisational performance, and secondly, in terms of user satisfaction (appraiser and appraisee).

For more information on succession planning and talent management, contact peter.reilly@employment-studies.co.uk

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