



Changes in Performance Management

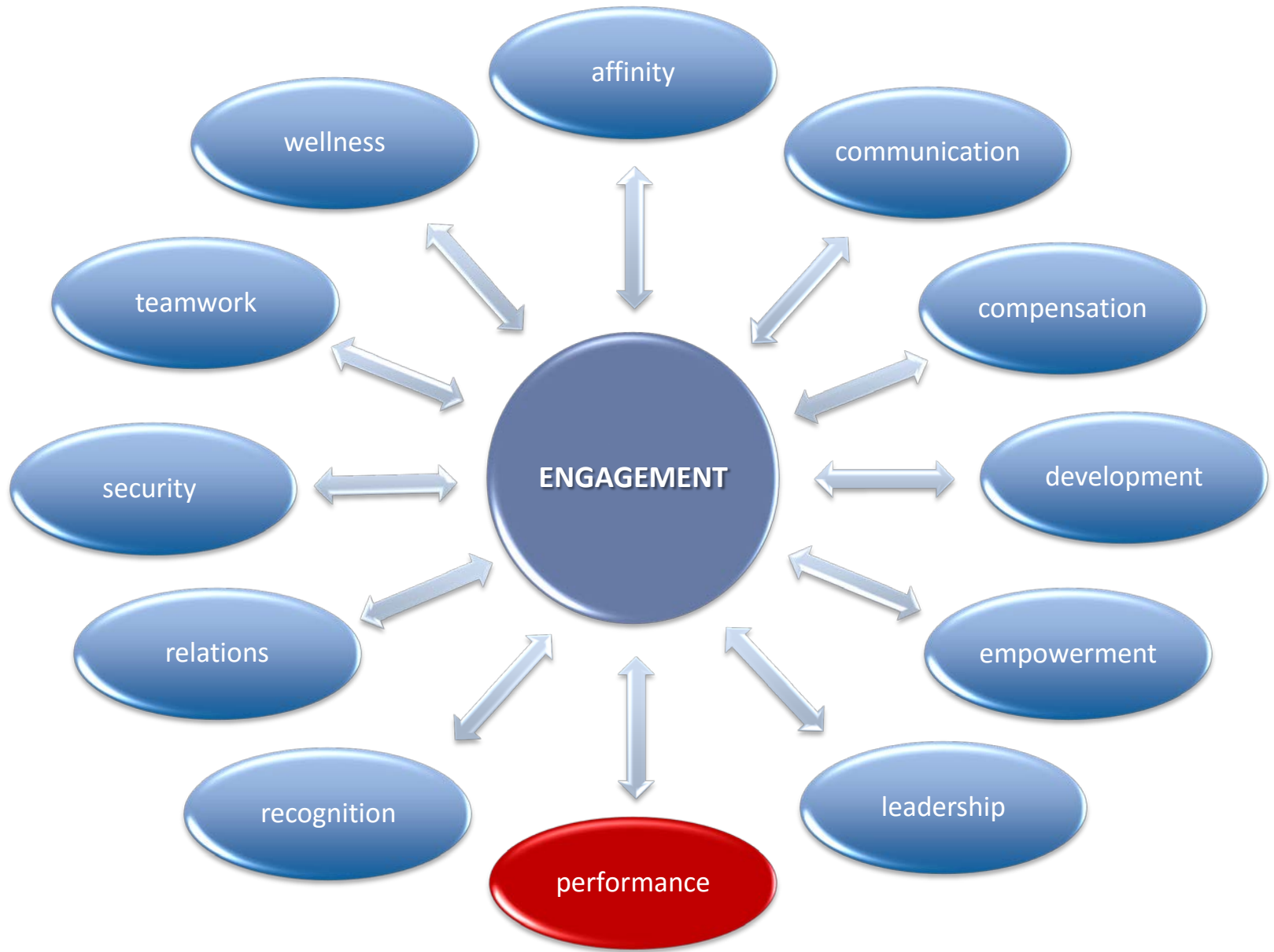
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Engagement

The degree of an emotional connection that an employee feels for their employer.

This degree of emotional connection influences the employee's willingness to exert effort towards the achievement of goals.

An employee's level of engagement is influenced by interconnected key drivers that impact an employee's commitment and dedication to the organization.



Performance

The success and ultimate survival of an organization is dependant on the performance of its employees.



Performance Factors

Motivation



Competence



Environment



Performance Management

- Process to observe, evaluate, and document the performance of employees
- Intended to establish an optimal work environment to maximize the employee's performance



ACCOUNTABILITY becomes an organizational capability when employees understand that failure to meet performance expectations is unacceptable.



Performance Evaluation

- Process used to assess the performance of employees
- Intended to help employees understand their job and measure progress towards the achievement of goals



Performance Evaluation

- Shared responsibility between the employee and their manager
- No performance evaluation is better than a poorly conducted performance evaluation



Purposes

- Provide performance feedback
- Assess training and development needs
- Reinforce hierarchy and authority
- Inform succession planning
- Determine total rewards
- Meet legal requirements



Methods

1. Traits – assess extent employee possesses desired characteristics i.e. dependability, creativity, initiative, etc.
2. Behavioural – assess extent employee demonstrates desired behaviours i.e. Responds to customer complaints
3. Results – assess accomplishment of goals i.e. scorecard
4. Hybrid – combination of behavioural and results

All methods have advantages and disadvantages.

Problems

- Subjective
- Uncomfortable
- Time consuming
- Qualitative vs. quantitative
- Inconsistent
- Ambiguous
- Judgement
- Politics
- Conflict
- Rating bias and error



Rating Bias & Error

- Central Tendency – everyone is average
- Leniency/strictness – too high/low ratings
- Recency – most recent performance good or bad
- Contrast – influenced by previous employee
- Compare – compared against best/worst performer
- Similar-to-me – inflates rating due to affinity

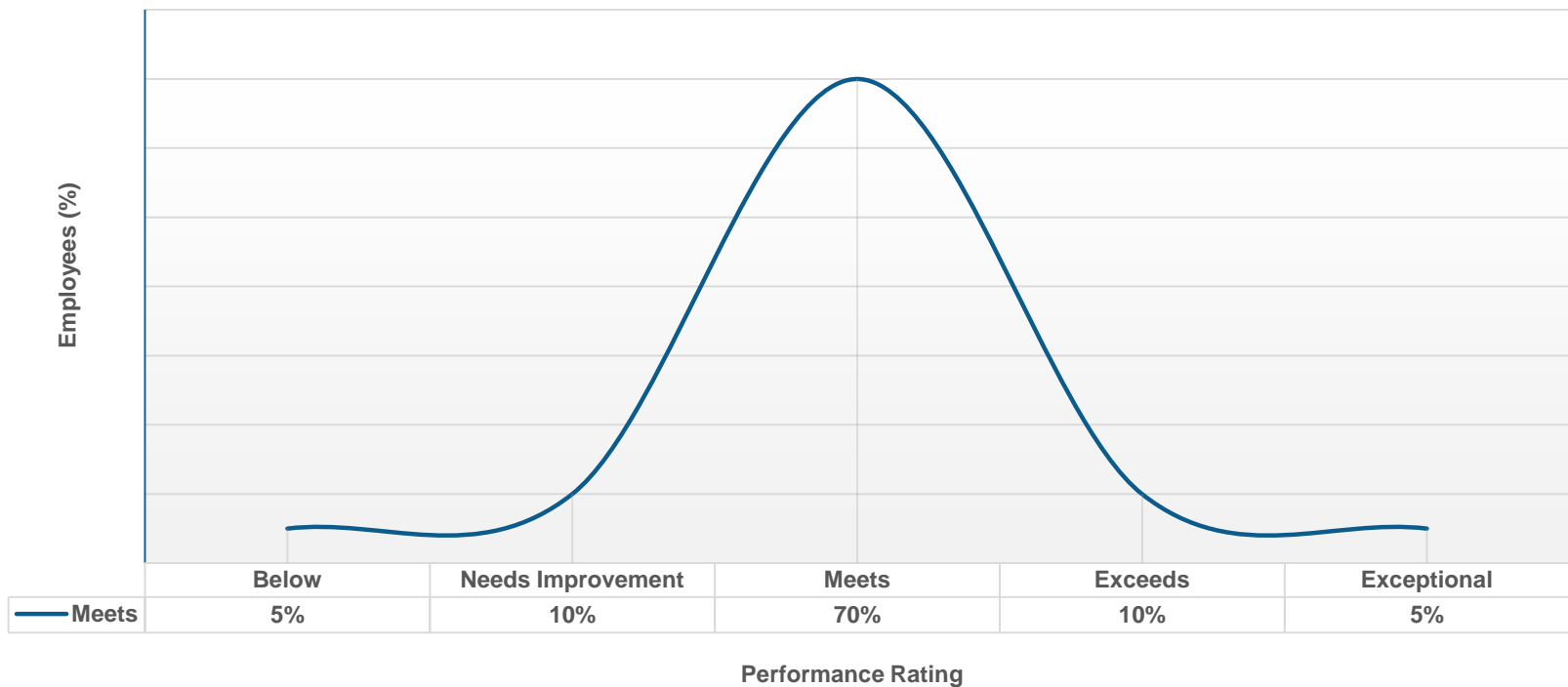


Rating Scales

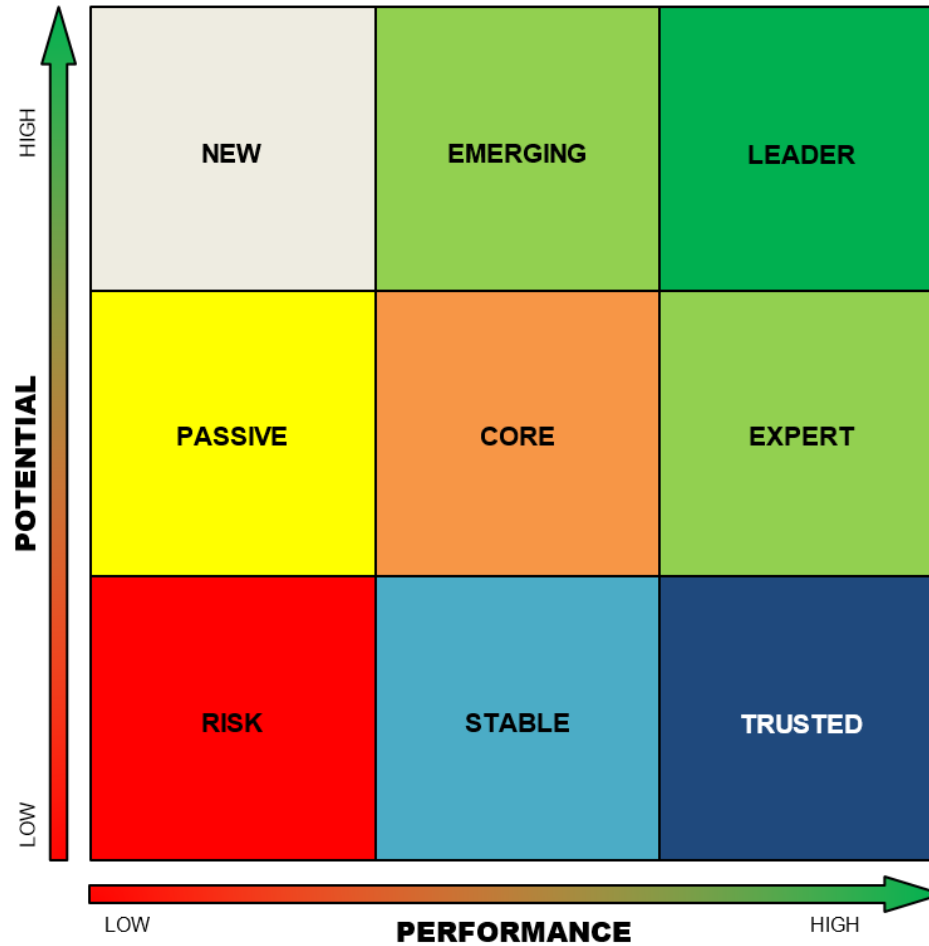


Calibration – Illusion of Fairness

Performance Distribution



Talent Assessment Matrix (9-box)





From Evaluation to Coaching

- Performance management is evolving from formal performance evaluation to ongoing performance coaching
- No annual reviews or mid-year reviews
- Performance coaching is a continuous conversation
- Discuss performance in relation to the achievement of goals, barriers to success, development needed, and career aspirations

Performance Coaching

- Encourages more open communication to establish clear, understood performance expectations
- Encourages more frequent, specific and meaningful feedback on performance
- Provides opportunities for timely corrective action
- Supports development plans and career planning

Performance Coaching

- Define performance expectations: Below, Meets, Exceeds
- Weekly 30 minute pulse checks
- Monthly 1 hour performance meetings
- Document real-time feedback in live performance log
- Performance will vary from day-to-day, week-to-week...

Performance Criteria

Method of assessing performance is different depending on the culture and nature of work:

- Individual vs. Team
- Creative vs. Routine
- Flexible vs. Rigid
- Quantitative vs. Qualitative
- Long Term vs. Short Term
- Union vs. Non-union
- Management vs. Employee
- Base vs. Variable Pay





Compensation

Money and other benefits of economic value received by an employee in exchange for work performed.

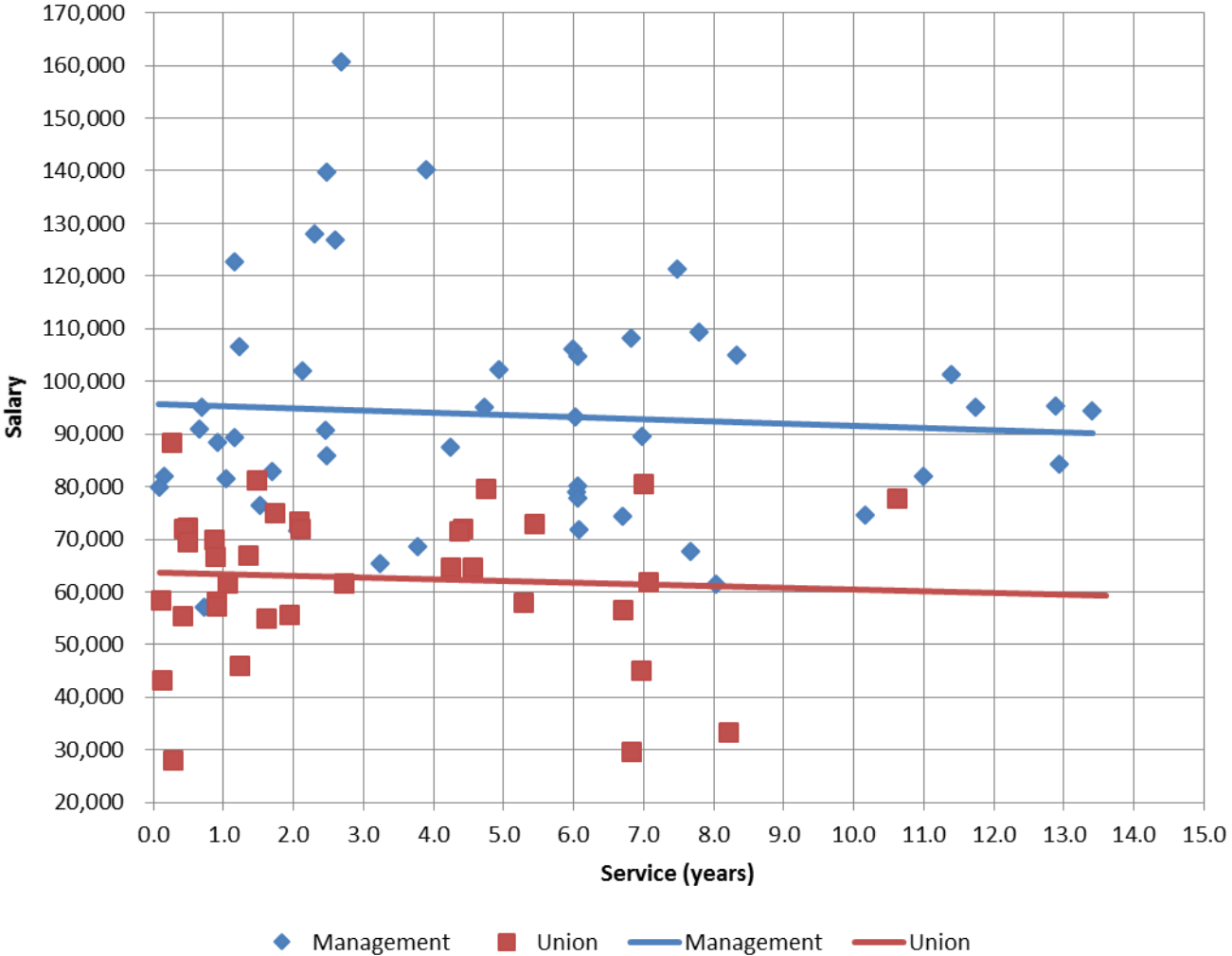
Compensation Philosophy - a statement outlining the model used to compensate employees.

All compensation policies, procedures, and practices should align to the compensation philosophy and be transparent.

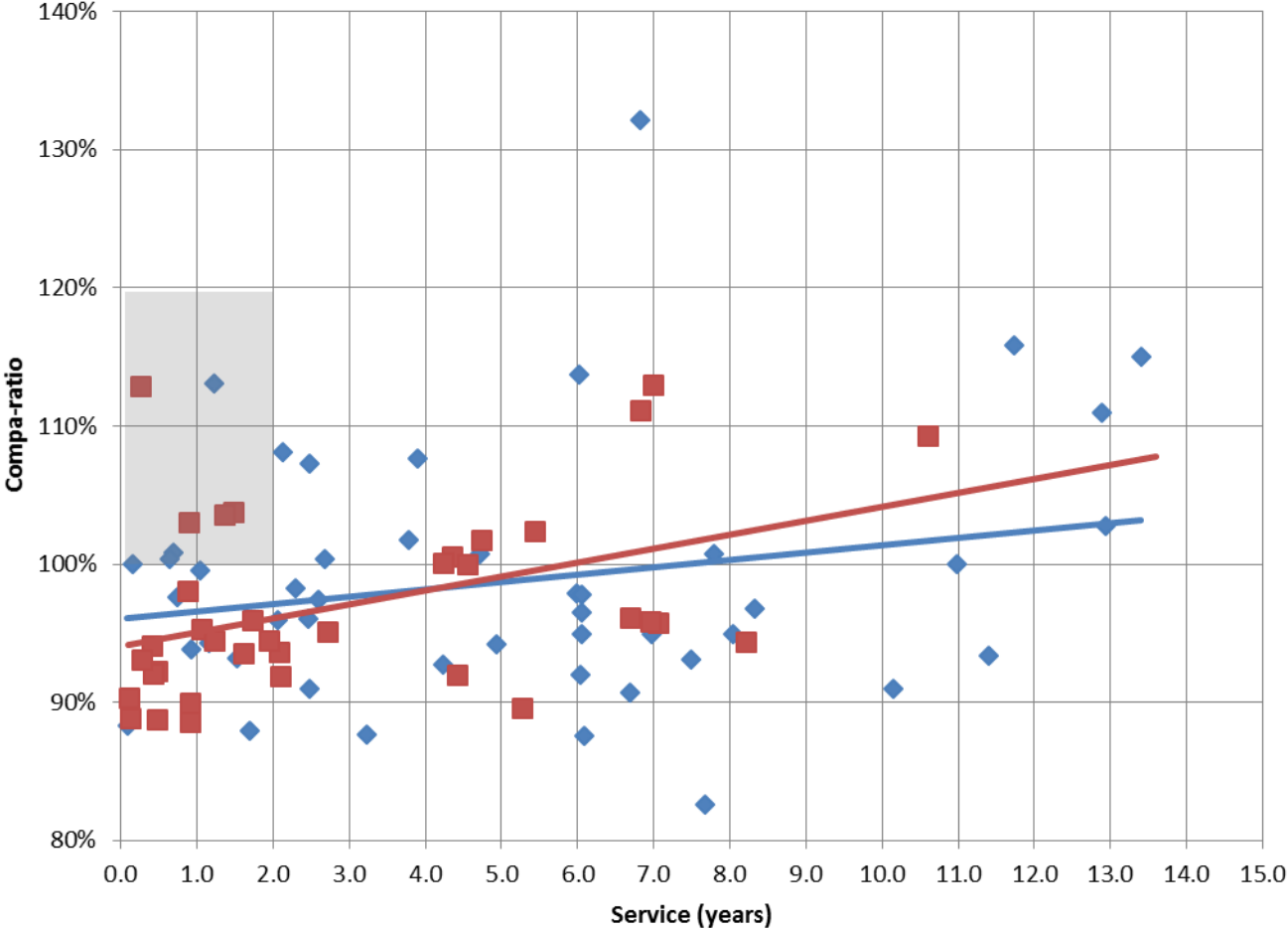
- Conduct compensation analysis



Salary vs Service



Compa-ratio vs Service



◆ Management ■ Union — Management — Union

Recognition

The acknowledgement of achievement, service, accomplishment, or other meritorious work.

Employees are more willing to exert effort when their efforts are recognized in a timely and meaningful way.



Compensation is NOT Recognition





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