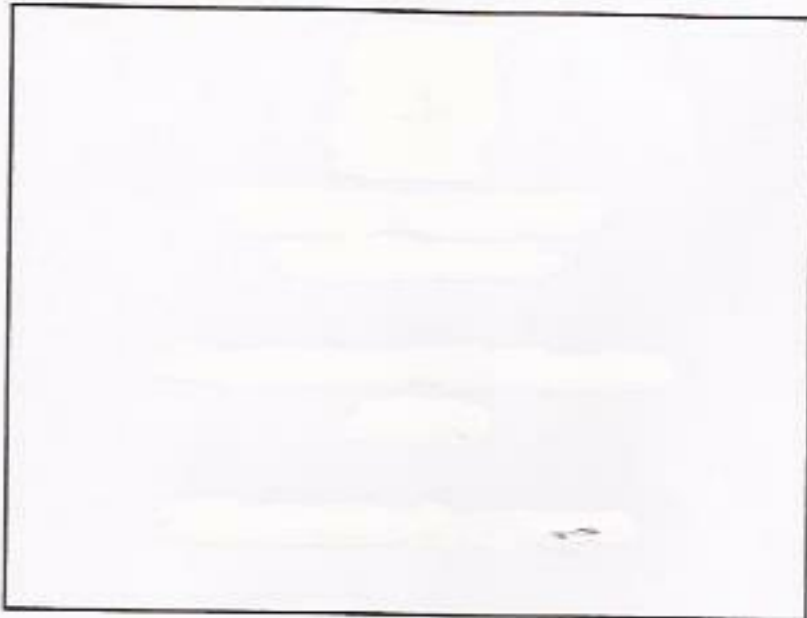




Key Reading

- Derek Torrington, Laura Hall, Stephen Taylor and Carol Atkinson (2014) Human Resource Management, Ninth Edition, Pearson (part 3, chapters 10-12)
- Sue Hutchinson (2013) Performance Management Theory and Practice, CIPD

Icebreaker

Discuss with a group of colleagues and prepare a report back :

- What are the factors that can affect an individual's performance at work ?
- Which of these can be 'managed' ?
- Which ones can't, and why ?

• Education, Training, Transport
health

Towards a "Contract for Performance" ?

Torrington et al (2014) suggest that there has been a general change in emphasis in attitude to the contract between the parties, **away from a contract of employment towards a contract for performance**

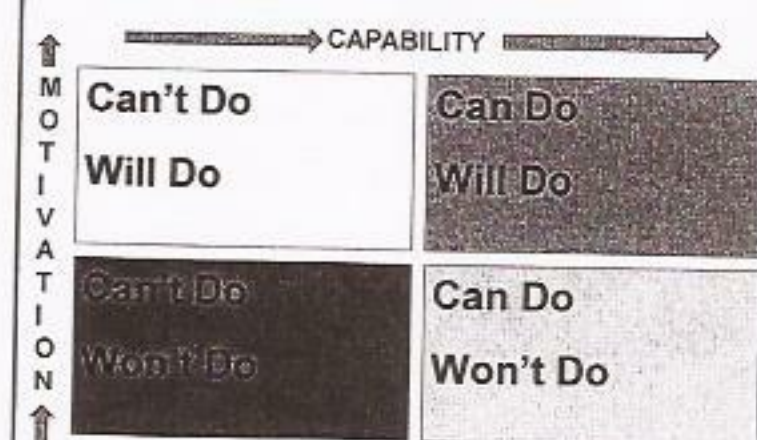
To what extent would you say this is true for your organisation ?

What Is Performance Management ?

"Managing individual performance in organisations has traditionally centred on assessing performance and allocating reward, with effective performance seen as the result of the interaction between individual ability and motivation."

Derek Torrington, Laura Hall, Stephen Taylor and Carol Atkinson (2014) Human Resource Management, Ninth Edition, Pearson, page 195

The Performance Grid



Performance Management Systems – “Hard” and “Soft”

Hard Approaches

Organisational targets, frameworks like the balanced scorecard, measurements and metrics, with individual measures derived from these

Soft Approaches

Developmental and motivational approaches to aligning the individual and the organisation

Houldsworth, E. (2004) “Managing Performance” in D. Rees (ed), *People Management and Opportunities*

Ideal Characteristics of Performance Management Systems

- Top-down link between strategic objectives and individual objectives
- Line manager driven and owned
- A living document with performance and development plans, support and ongoing review
- Performance is rewarded and reinforced

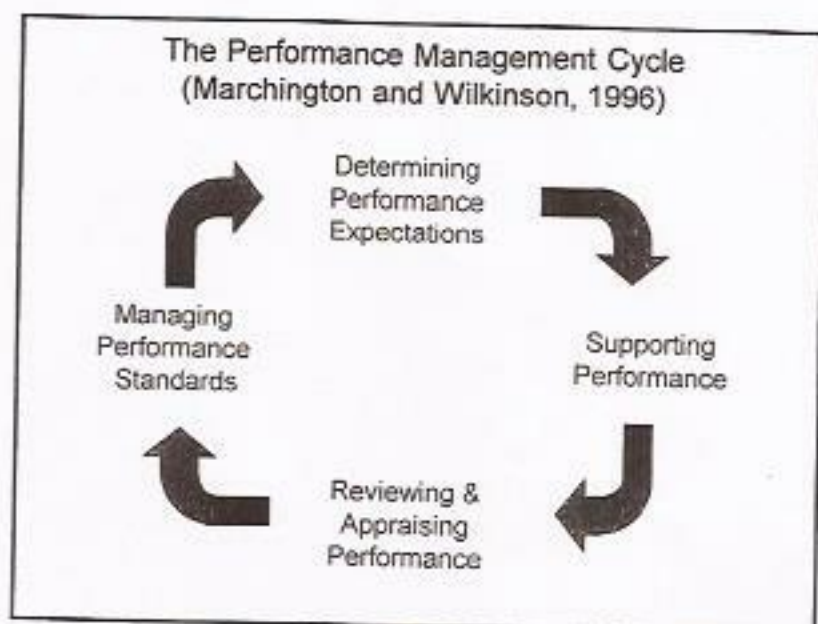
Derek Torrington, Laura Hall, Stephen Taylor and Carol Atkinson (2014) *Human Resource Management*, Ninth Edition, Pearson, page 197

Do these ideals apply in your organisation ?

The Performance Management Process

1. Corporate strategic goals provide the starting point for business and departmental goals
2. Agreement on performance and development
3. Drawing up of plans between individuals and managers
4. Continuous monitoring and feedback

Chartered Institute of Personnel and Development (UK)



**Performance Management:
Underpinning Motivation Theories**

- Goal Theory
- Expectancy Theory
- Equity Theory / Organisational Justice

Goal Theory
(Locke, 1968)

- Clarity of goals is key in enabling the employee to understand what is expected and the order of priorities
- For goals to be motivating they must be sufficiently specific, challenging but not impossible, and set participatively
- SMARTS – but short-term and danger of measuring things that are easy to measure but not most important

How effective do you believe your communication with your line manager is in being clear on your objectives and expectations? (%)

	All	Private	Public	Voluntary
Very effective	19	19	16	27
Somewhat effective	37	35	45	43
Neither effective nor ineffective	21	22	18	15
Somewhat ineffective	13	14	10	11
Very ineffective	7	7	8	5
Don't know	3	4	3	—

CIPD Employee Outlook Survey, Spring 2014

Base: spring 2014: 1,960; private: 1,378; public: 465; voluntary: 90.

Expectancy Theory

- States that individuals will be motivated to act provided :
 - they expect to be able to achieve the goals set
 - believe that achieving the goals will lead to other rewards, and
 - believe that the rewards on offer are valued

Organisational Justice (based on Equity Theory, Adams 1963)

- Procedural Justice : the extent to which procedures are perceived as fair, transparent and robust
- Distributive Justice : perceived fairness of allocation of outcomes, e.g. pay, training, promotion
- Interactional Justice : perceived quality of interpersonal treatment received, e.g. appraisal, coaching, feedback

How important is it for you to know that you are being considered for progression within your organisation? (%)

	All	Private	Public	Voluntary
Very important	25	26	21	21
Fairly important	36	36	38	36
Not at all	39	37	41	43

CIPD Employee Outlook Survey, Autumn 2013

Base: 2,550; private: 1,814; public: 547; voluntary: 142

Video – Green and Clean (Stephen Covey)

What can be learned about performance management from this example ?

The Performance Management Cycle (Marchington and Wilkinson, 1996)



Supporting Performance

- The manager has a key enabling role, e.g.
 - organising resources and training
 - being accessible
 - helping to overcome barriers
 - a "sounding-board"
 - Identifying information sources and other helpful people
 - Coaching

How much support do you get from your manager to help you perform ? Why ?

The Performance Management Cycle (Marchington and Wilkinson, 1996)



Discussion

Discuss with a group of colleagues and prepare a report back :

- What do you see as the purpose of appraisals ?
- How do you think the effectiveness of appraisals can be improved ?

Reviewing and Appraising Performance

- Regular discussion with employees about performance, either formally or informally, will help to identify any problem areas and allow remedial action to be taken promptly.
- Inadequate performance, particularly during a probationary period, should be identified as quickly as possible, so that appropriate remedial action can be taken.

Appraisals

- Regularly record an assessment of an employee's performance, potential and development needs
- An opportunity to
 - take an overall view of work content, loads and volume
 - look back on what has been achieved during the reporting period
 - agree objectives for the next

Benefits

- Help to improve employees' job performance by identifying strengths and areas for improvement and determining how strengths can be best utilised within the organisation and development needs met
- Help to reveal problems which may be restricting employees' progress and causing inefficient work practices

Appraisal is not....

- A substitute for regular dialogue
- An opportunity to raise a disciplinary issue

It's a "stock check"

There should be no surprises !

Common Misunderstandings

- Performance Appraisal is not the same as Performance Management (PM) – PM is much broader
- PM is a process, not an event – it operates as a continuous cycle
- PM is not done only in formal reviews or appraisals - it is a day-to-day activity

Appraisal: Problems for Appraisers

- Prejudice
- Insufficient knowledge of the appraisee
- Horns or halo effect
- The problem of context

Appraisal: Problems for All Parties

- Paperwork
- Formality
- Lack of action
- Lack of resources
- Appraising the wrong features

When was the LAST time you had a performance review? (%)

Within the last 6 months	33
Within the last 12 months	21
Within the last 18 months	5
Over 18 months ago	7
Don't know/can't remember	7
Not applicable/have never had a performance review	27

CIPD Employee Outlook Survey, Autumn 2013
Base: 2,580

Employees that have never had a performance review (by time with employer) (%)

Up to 6 months	60
6 months – 1 year	44
1–2 years	34
2–5 years	28
5–10 years	18
10–15 years	21
15–20 years	19
More than 20 years	20

CIPD Employee Outlook Survey, Autumn 2013
Base: 2,580; up to 6 months: 198; 6 months – 1 year: 162; 1–2 years: 205; 2–5 years: 484; 5–10 years: 641; 10–15 years: 363; 15–20 years: 176; more than 20 years: 342

What are the three MOST important aspects of your performance review? (%)

Feedback/recognition	81
Development opportunities	58
Understanding the link between pay and performance	23
Goal-setting	45
Rating/scoring	22
Self-appraisal	31
Other	4
Don't know	12

CIPD Employee Outlook Survey, Autumn 2013
Base: 2,580

Considering your most recent performance review, how would you rate it in terms of meeting your expectations? (%)

Met all of my expectations	32
Met some of my expectations	45
Met none of my expectations	13
Don't know	10

CIPD Employee Outlook Survey, Autumn 2013
Base: 2,580

Appraisal Developments

CIPD surveys suggests that:

- There has been a move to more open systems
- Greater participation by the appraisee
- More emphasis on setting objectives and measuring performance
- Wider inclusiveness of employees
- Appraisal more likely to be a central element of performance management

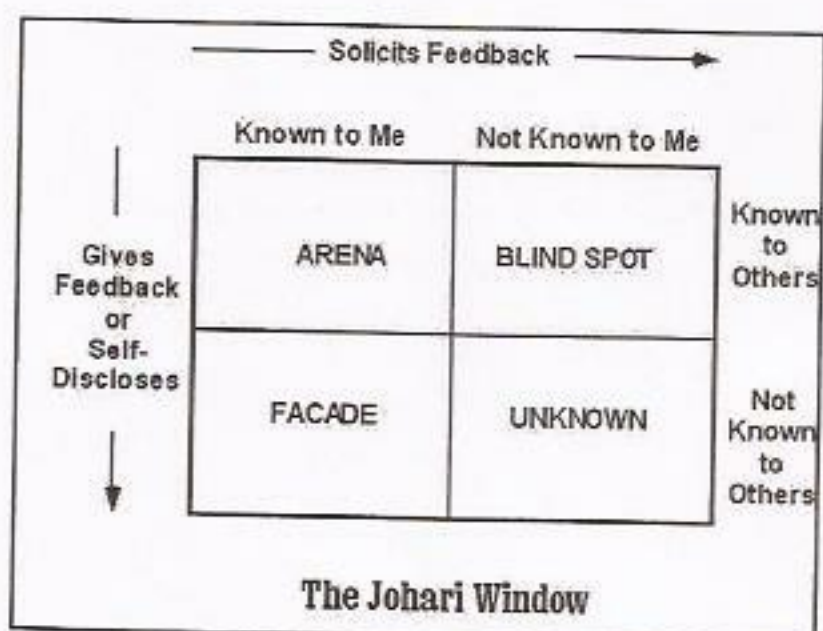
Do you see the same trends in your organisation ?

Models of Appraisal

- Peer review
- 360 degree appraisal - is it feasible ?
- The management - staff model is still the most common

The Johari Window (Ingham and Luft, 1955)

- A **Johari window** is a cognitive psychological tool created by Harry Ingham and Joseph Luft in 1955 in the United States
- Used to help people better understand their interpersonal communication and relationships



Video Marking the Managers (Upward Feedback)

- To what extent will this model of appraisal work effectively in all organisations and countries ?
- Why ?

Geert Hofstede (1980)

- Questionnaire research of IBM employees in 60 countries
- Identified four dimensions which correlated only with nationality
- Power Distance
- Uncertainty avoidance
- Individualism
- Masculinity / femininity

Hofstede's Value Dimensions National cultural elements

Power distance - degree to which equality in distribution of power is valued.

Uncertainty avoidance - degree to which certainty, lack of ambiguity, and conformity is valued.

Individualism - degree to which individual dependence is valued rather than collective interdependence and co-operation.

Masculinity - degree to which assertiveness, heroism and material success are valued rather than modesty, relationships and caring for others.

Appraisal and Cultural Diversity

- Ensure appraisal documentation is framed in language that is understandable to all
- Different styles of interpersonal communication and self-presentation have been found to characterise different cultures
- You may need to take considerably more effort to encourage self-appraisal and two-way communication with some groups

The Performance Management Process



Common Problems of Managing Performance Standards

- Poor performance not addressed – which also demotivates high-performers
- Or over-concentration on poor performers - lack of recognition, support, encouragement and new challenges for high performers

Is your organisation guilty of either ?
If so, why does this happen?
And what can your organisation do about it ?

How fair do you believe your organisation's performance management process is? (%)

	All	Private	Public	Voluntary
Very fair	14	16	6	15
Somewhat fair	25	25	26	32
Neutral	24	23	27	26
Somewhat unfair	17	18	14	14
Very unfair	13	11	19	5
Don't know	7	7	9	9

CIPD Employee Outlook Survey, Spring 2014
Base: 2,193.

Managing High Performers

- High performers are the stars of any organisation and need to be nourished and cherished.
- The reality is that they are often in danger of being left to get on with things - both because they can and because the priority is to deal with poor performers.
- Yet it is our high performers that need recognition, support, encouragement and new challenges, so that they continue to make a positive contribution and achieve their best.

Principles of Managing High Performers

- Identify high performers
- Focus equally on high and low performers
- Recognise achievement
- Broaden the reward mechanisms
- Provide new challenges
- Motivate and encourage
- Inspire others
- Adapt your style to high performers' needs

Do any of the following affect the leadership capability of senior, middle and/or front-line managers in your organisation? (% of respondents)

	Senior Team	Middle Managers	Front-Line Managers
Managers lack confidence to manage underperformance	27	43	46
Excessive workload of managers	32	45	42
Inadequate training/lack of training for managers	22	36	38
Inexperience of managers in leadership roles	18	35	37
Managers lack influence over financial rewards to motivate and develop team members	14	21	32
Managers lack clarity regarding their responsibilities to lead others	17	31	28
Management leadership capability is not prioritised	28	27	28
Managers lack clarity regarding policies and processes	16	24	28
Lack of incentives to lead/manage effectively	16	24	28
Managers lack confidence to effectively use discretionary rewards to motivate and develop team members (fear of being accused of favouritism/fear of conflict)	11	22	23
Lack of good role models within the organisation	23	26	22
Physical distance between managers/leaders and their teams	24	16	12

CPD Learning and Development Survey 2014, page 18

Performance Management Questionnaire

Please complete the questionnaire about how you see performance management in your organisation