Performance Management for the 21st century

by Rachel Falzon MBA

23rd June 2021

WELCOME

This is Roy….
he is managing
Performance
Remotely

Malta

Malta

1	Attard	36	Qrendi
2	Balzan	37	Rabat
3	Birgu	38	Safi
4	Birkirkara	39	San Ġiljan
5	Birżebbuġa	40	San Gwann
6	Bormla	41	San Pawl il-Baħar
7	Dingli	42	Santa Luċija
8	Fgura	43	Santa Venera
9	Floriana	44	Siġġiewi
10	Gudja	45	Sliema
11	Gżira	46	Swieqi
12	Għargħur	47	Ta' Xbiex
13	Għaxaq	48	Tarxien
14	Ħamrun	49	Valletta
15	Iklin	50	Xgħajra
16	Isla	51	Żabbar
17	Kalkara	52	Żebbuġ
18	Kirkop	53	Żejtun
19	Lija	54	Żurrieq
20	Luqa		
21	Marsa	**Gozo**	
22	Marsaskala	55	Fontana
23	Marsaxlokk	56	Għajnsielem
24	Mdina	57	Għarb
25	Mellieħa	58	Għasri
26	Mġarr	59	Kerċem
27	Mosta	60	Munxar
28	Mqabba	61	Nadur
29	Msida	62	Qala
30	Mtarfa	63	Rabat
31	Naxxar	64	San Lawrenz
32	Paola	65	Sannat
33	Pembroke	66	Xagħra
34	Pieta	67	Xewkija
35	Qormi	68	Żebbuġ

Today's Learning Journey

7

Questions

5

OKRs

6

A Culture that supports feedback and coaching

Performance Management for tomorrow

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Modern best practices in Performance Management

What is Performance Management

1

2

Why it's important

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Do you have a Performance Management process in place?

What is the focus of your organisation's Performance Management process?

- [ ] Generating performance ratings and feeding pay and bonus processes
- [ ] Helping employees develop their skills
- [ ] Improving employee performance and levels of engagement
- [ ] Providing data and insights on what employees are working on
- [ ] Identifying top performers and under performers
- [ ] Other?

Are you achieving your goals with your current Performance Management system / processes?

What is the greatest Performance Management challenge in your organisation?

❑ Quality of the line manager discussions with their reports
❑ Administration for HR, colleagues and managers
❑ HRIS you are currently using
❑ Connection with money, salary, bonuses etc
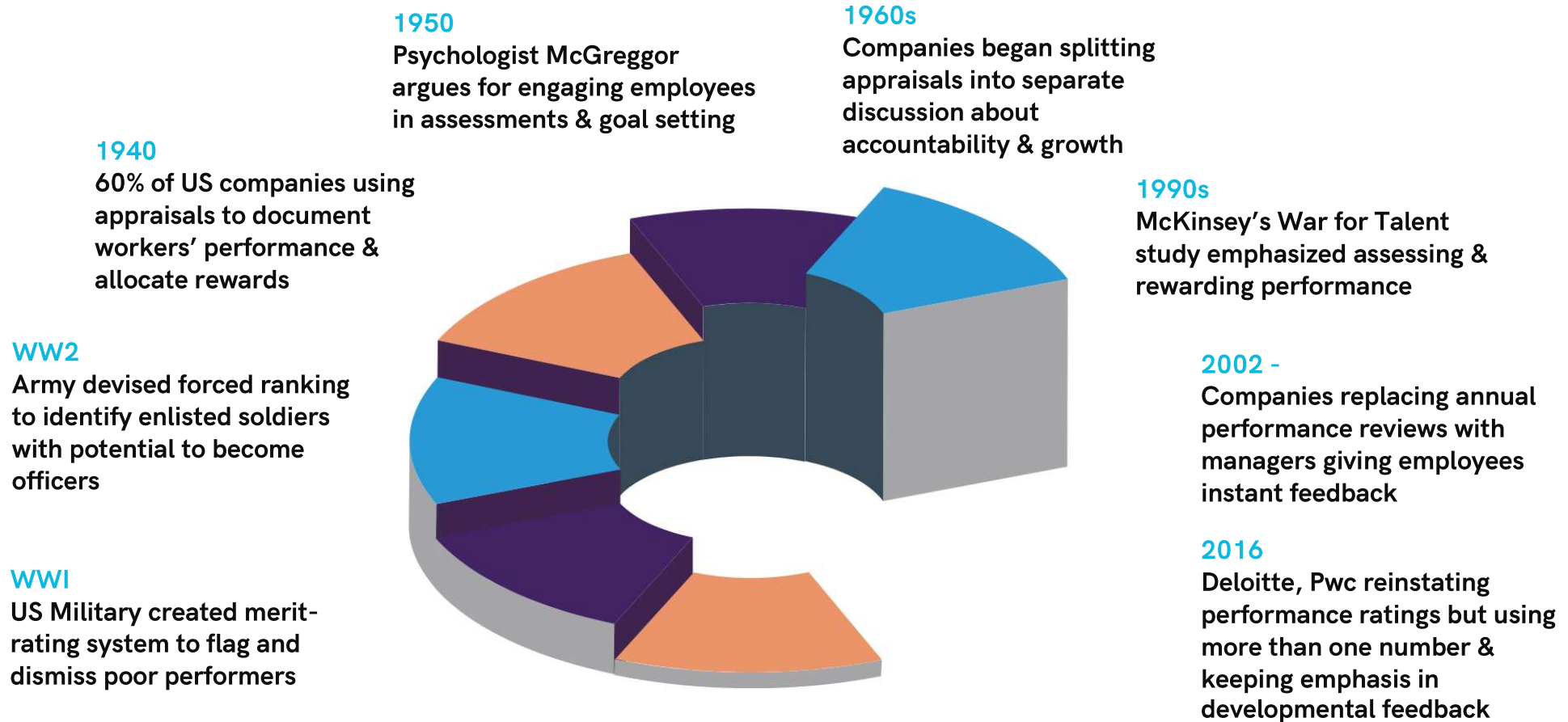❑ Objectives of the Performance Management system
❑ All of the above

1

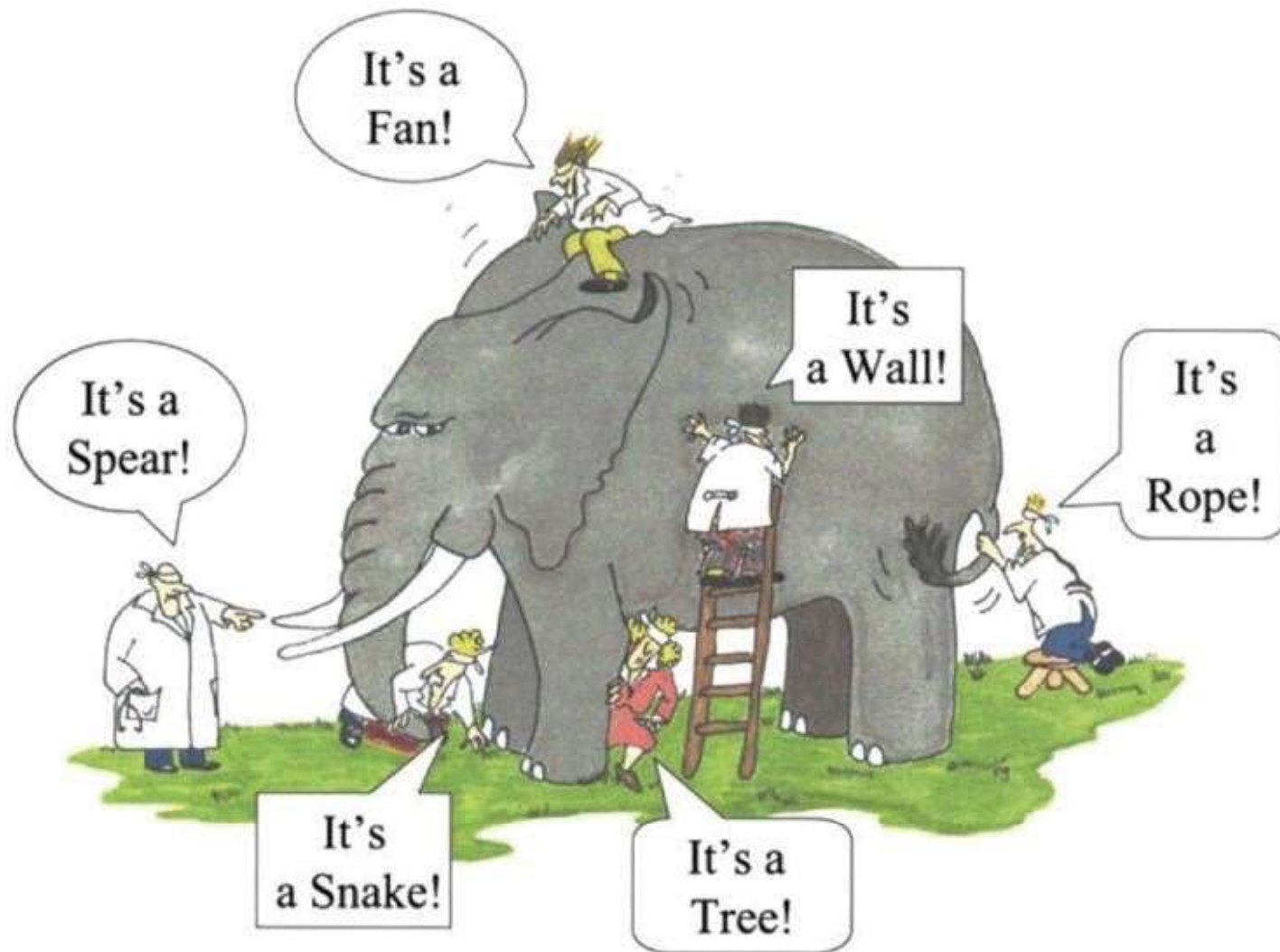**What is Performance Management, anyway ? Why is it important?**

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"Performance Management is fundamentally about aligning individual effort to support organisational priorities."

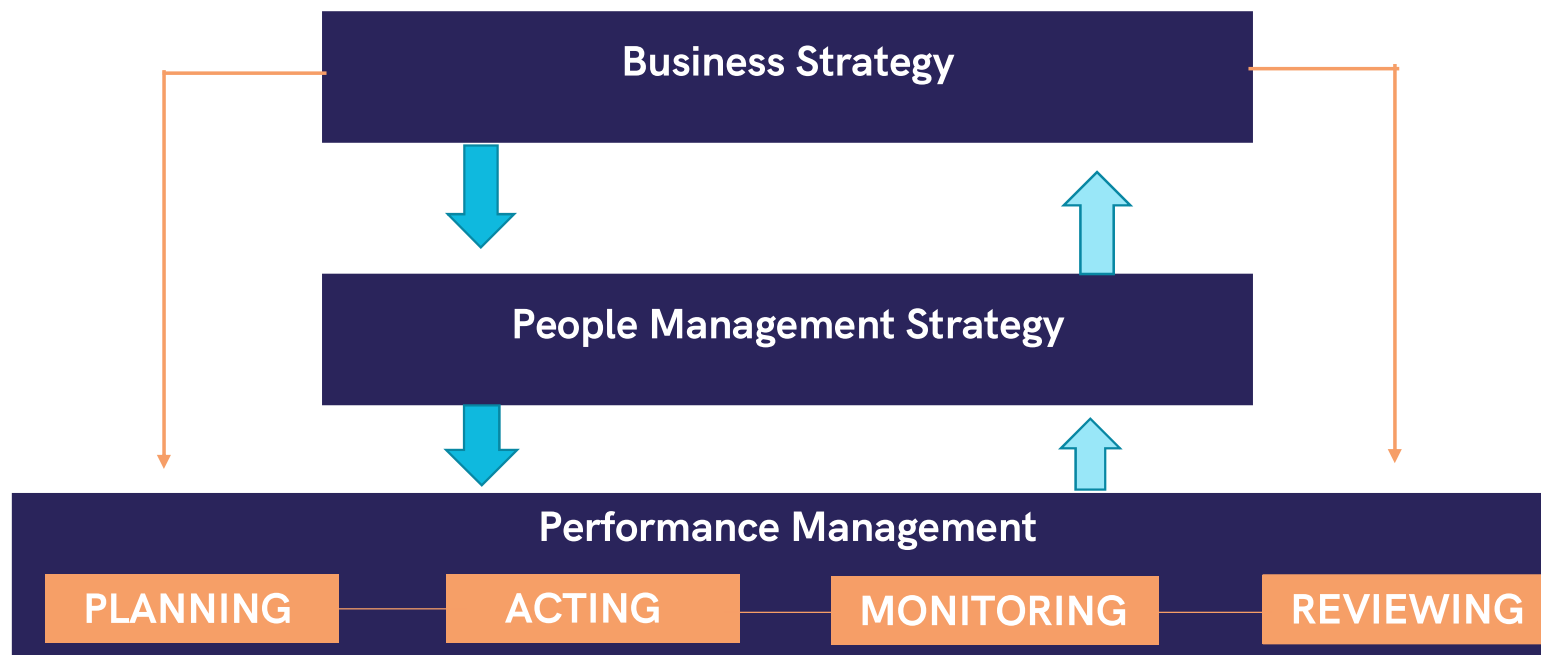- Dorsey, D. PHd & Mueller-Hanson, PHd,
- Society for Human Resources

Evolution of Performance Management

1950
Psychologist McGreggor argues for engaging employees in assessments & goal setting

1960s
Companies began splitting appraisals into separate discussion about accountability & growth

1940
60% of US companies using appraisals to document workers' performance & allocate rewards

1990s
McKinsey's War for Talent study emphasized assessing & rewarding performance

WW2
Army devised forced ranking to identify enlisted soldiers with potential to become officers

2002 -
Companies replacing annual performance reviews with managers giving employees instant feedback

WWI
US Military created merit-rating system to flag and dismiss poor performers

2016
Deloitte, Pwc reinstating performance ratings but using more than one number & keeping emphasis in developmental feedback

How Performance Management is linked to strategy

Performance Management as a process

ACT
Performance & development activities
- Carry out role
- Implement performance improvement plan
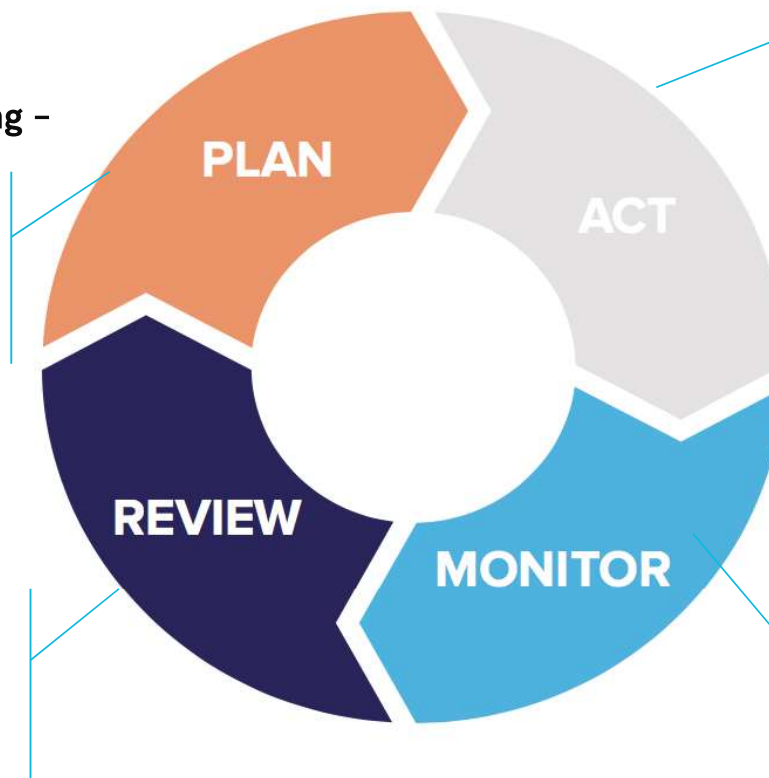- Implement personal development plan

PLAN
Performance & development planning – Performance Agreement
- Role definition
- Objectives
- Competencies
- Performance improvement
- Personal development

MONITOR
Manage performance throughout the year
- Monitor performance
- Provide continuous feedback
- Provide coaching
- Deal with under performers

REVIEW
Joint analysis of performance
- Dialogue and feedback
- Agree strengths
- Build on strengths
- Agree areas for improvement

According to the Chartered Institute of Personnel Development, Performance Management is about:

- Shared expectations
- Culture

The purpose of Performance Management can be:

- Administrative
- Developmental

Why Performance Management matters

Aligns individual actions to organisational priorities

Can increase performance and improve productivity
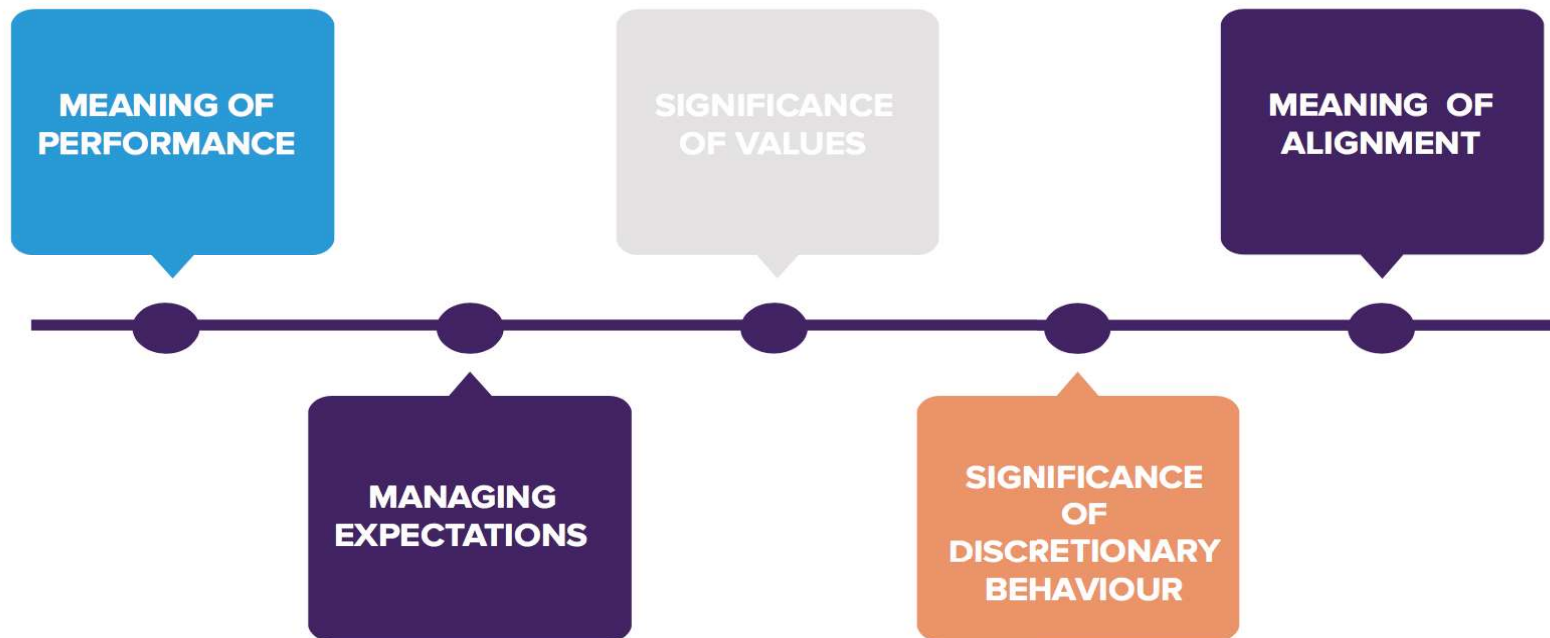
Empowers, motivates and rewards employees to do their best

Contributes to a high performing organisation

Maximises the potential of individuals and teams for dual benefit

Understanding Performance Management: 5 underlying issues

Psychological Contract Iceberg model

"...the Psychological Contract is the fairness or balance (typically as perceived by the employee) between how the employee is treated by the employer and what the employee puts into the job"

- Specifically concerns mutual (usually tacit and unwritten) expectations of inputs and outcomes

- Usually seen from the standpoint of the employees but is best understood when both sides' expectations are seen

external factors – mostly visible to each side

work   pay

employee
time/hours
effort/ideas
performance
results
commitment
loyalty
mobility
supervision
innovation
management
drive change
leadership
sacrifice/tolerance
risk/investment

employer
security
safety/care
training/dev
recognition
qualifications
workspace/equip
promotion/growth
responsibility
life-balance/well-being
interest/variety/travel
flexibility/tolerance
status/respect
benefits/pension
control/influence
ownership/equity

'inputs'   'rewards'

the iceberg tends to rise with maturity and length of service, increasing depth, visibility and clarity of the Contract, producing benefits for both sides

external factors – each side is mostly blind to external factors on the other side

Maslow's Hierarchy of Needs

Herzberg's Two Factor Theory

Poor Hygiene Factors decrease employee job satisfaction

Motivating Factors increase employee job satisfaction

Hygiene Factors

Company policies
Supervision
Relationships
Work conditions
Remuneration
Salary
Security

Motivators

Achievement
Recognition
The work itself
Responsibility
Advancement
Growth
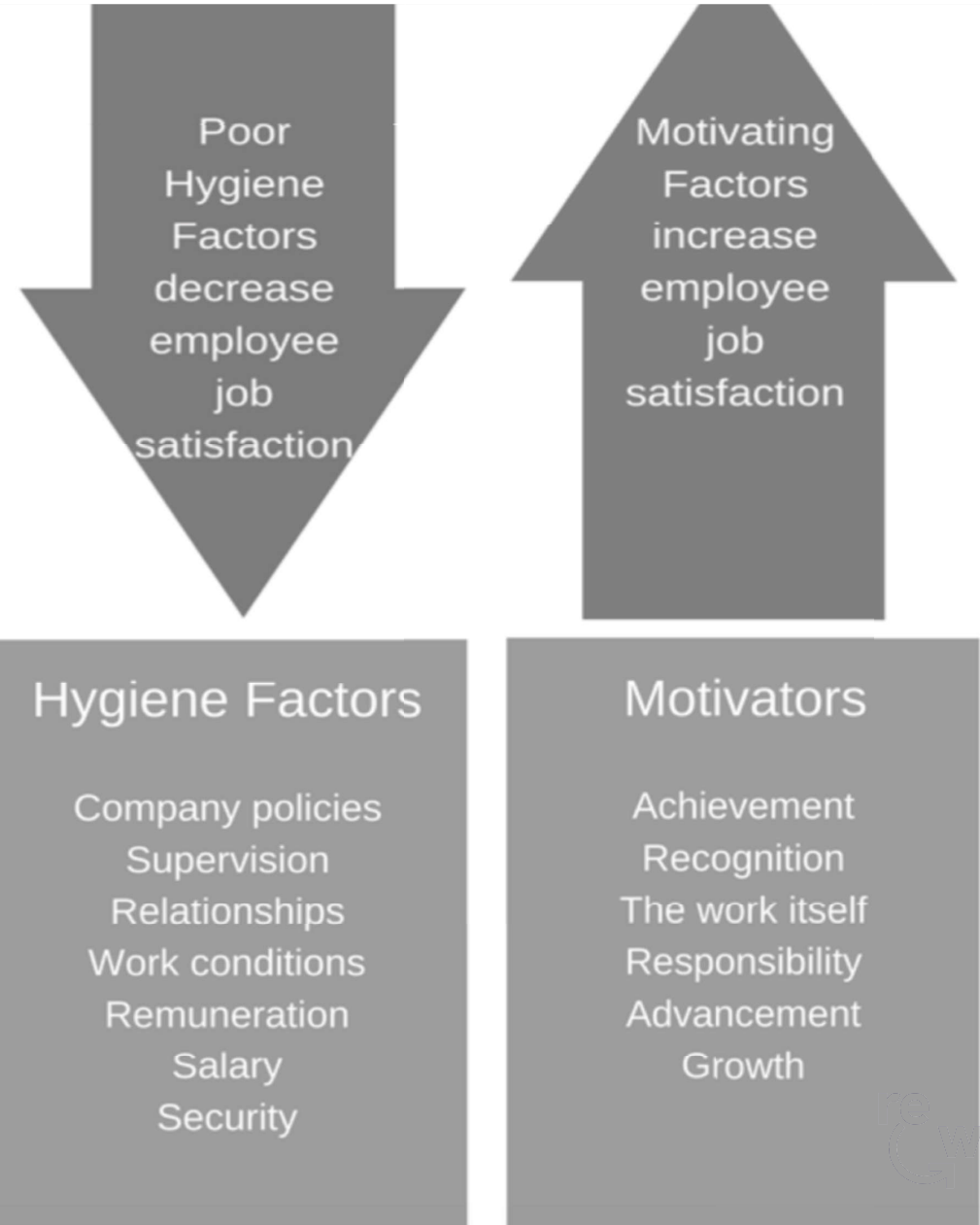
The big shift:
Continuous performance management

AGILE FEEDBACK LOOPS

More flexible Regular weekly check ins Focus on future performance

SHORT-TERM FOCUS

Setting monthly / quarterly performance goals generate higher returns

PEOPLE DEVELOPMENT

Enhances employee value propositon (EVP)

QUALITATIVE KPIs

Work is changing More regular feedback required

INTEGRATION WITH BUSINESS

Link rewards & recognition to feedback

2

Performance
Management
tomorrow …

Today's Competitive Environment

Volatile
Uncertain
Complex
Ambiguous

Business Models

Retention

Career trends

Workforce

Globalisation

Recruitment

Demographics

Diversity

HR role expanding
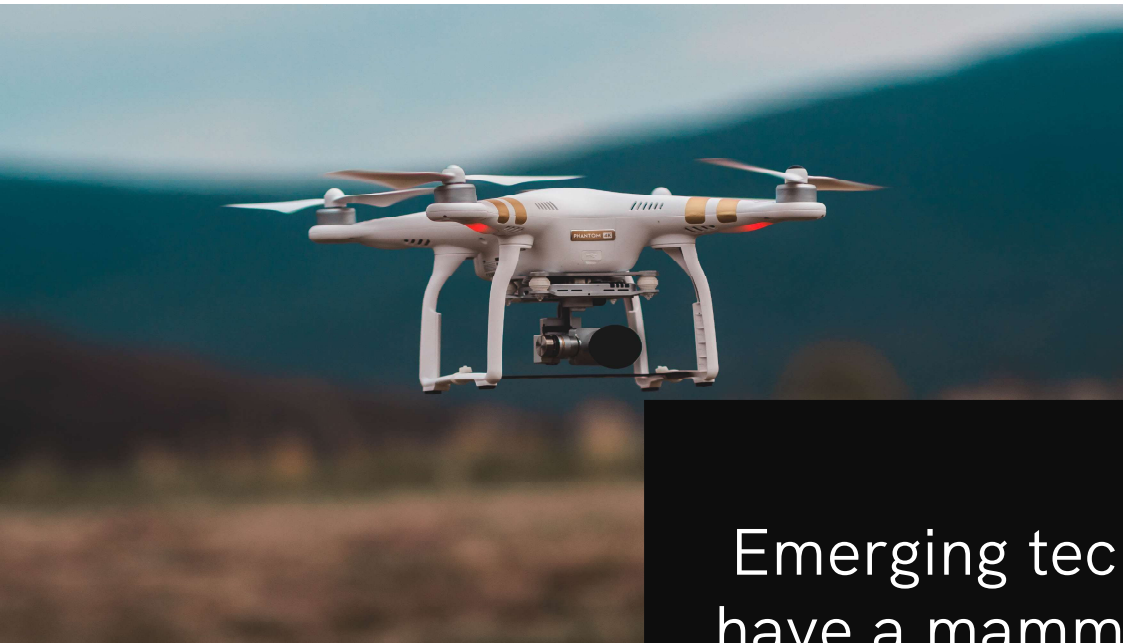
Emerging technologies will have a mammoth impact on businesses and the workforce

Images: unsplash.com

Wicked Problems

What are the most pressing 'Wicked' problems we are facing?

Energy
Transport
Food
Industry
Waste
Pollution
Climate
Change
Water
Biodiversity
Habitation
Health
Racism

Can Linear Thinking solve our problems?
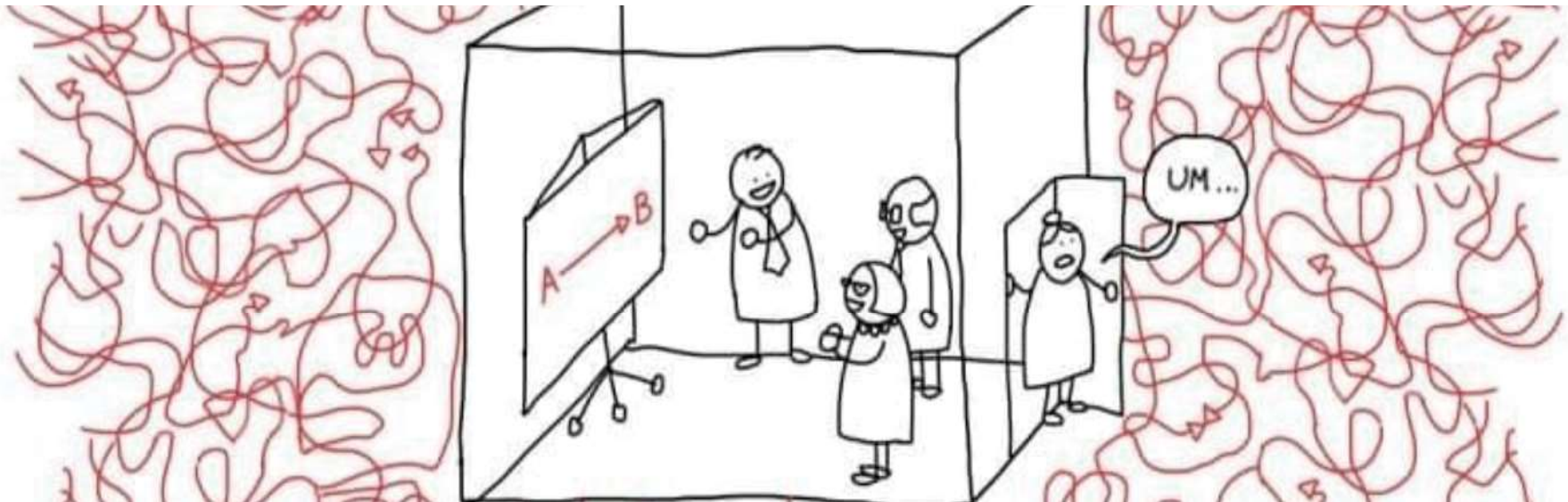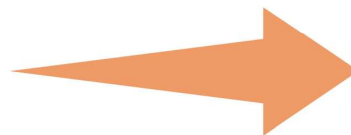
Industrial Age → Knowledge Age
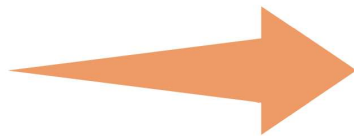
Old Power → New Power

A.

B.

C.

What is a team?
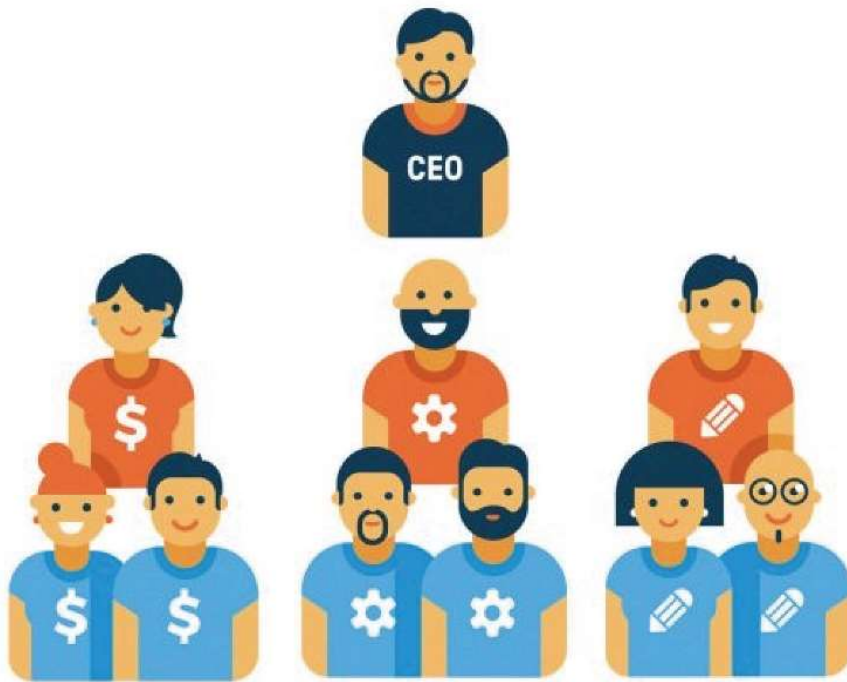
Hierarchical
Organisation → Holacratic
Organisation
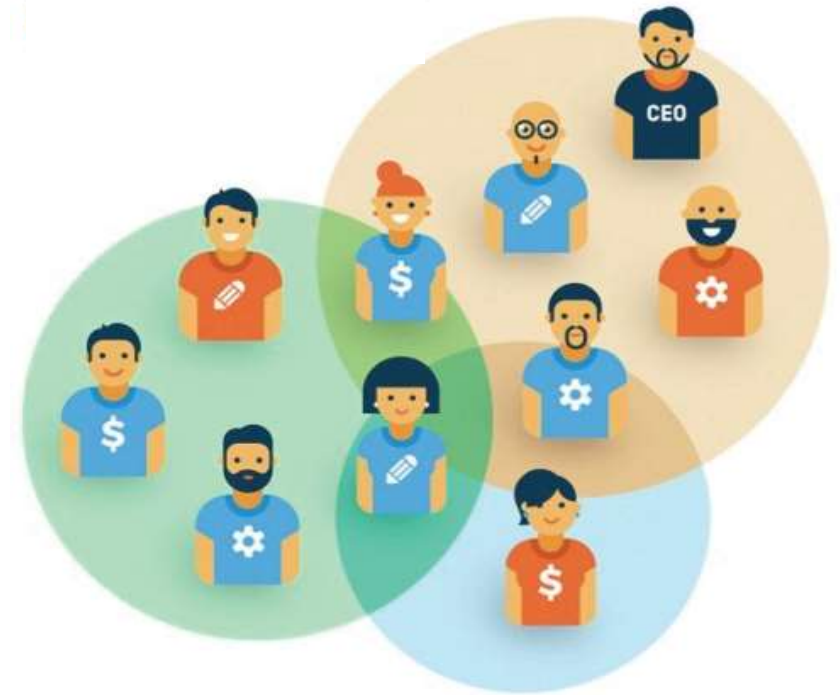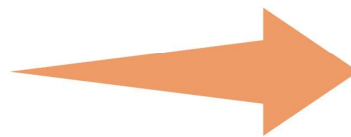
What
are the
implications
for the
workforce?

TRICKARTT 2017
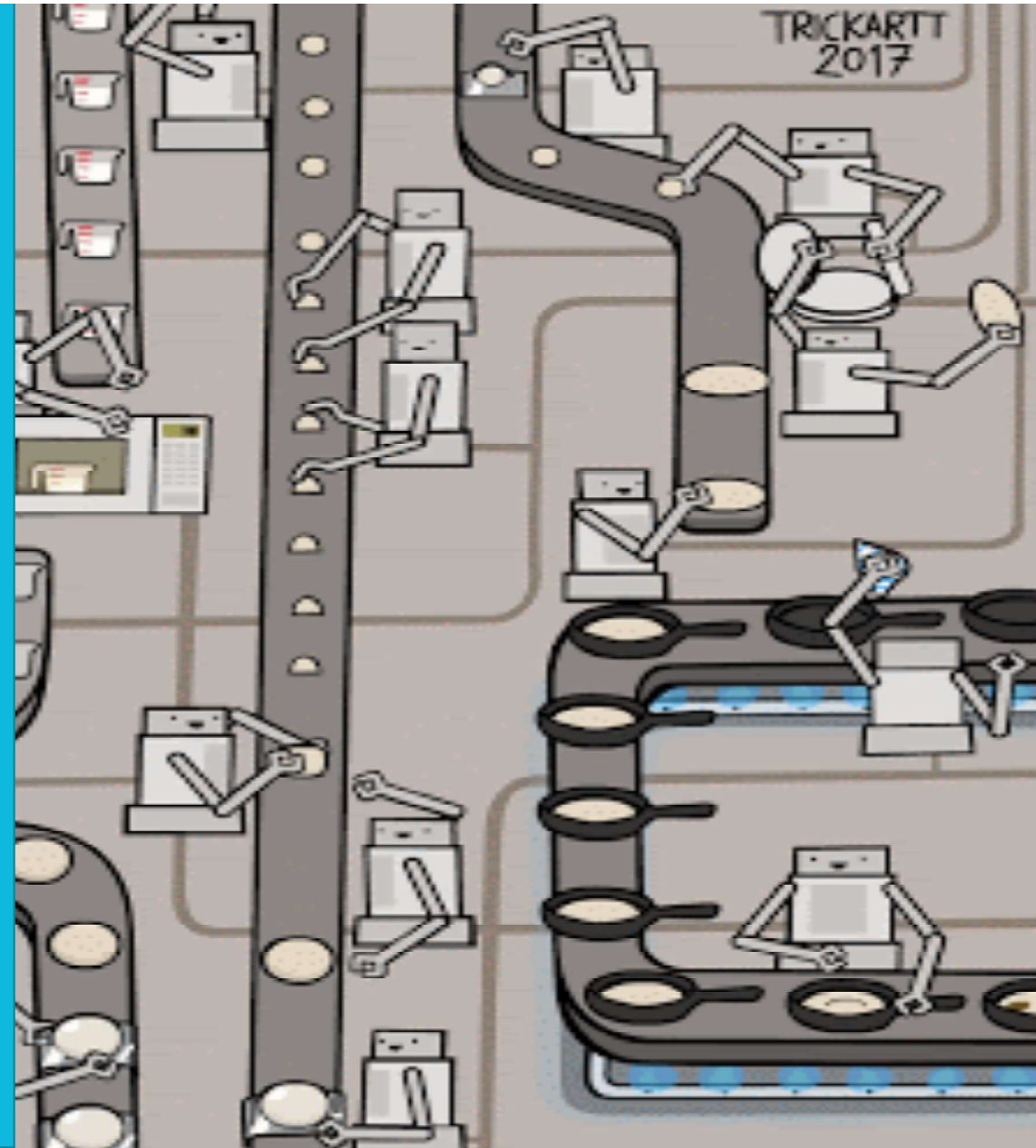
Top Skills 2025

1. Analytical thinking and innovation
2. Active learning and learning strategies
3. Complex problem-solving
4. Critical thinking and analysis
5. Creativity, Originality and initiative
6. Leadership and social influence
7. Technology use, monitoring and control
8. Technology design and programming
9. Resilience, stress tolerance and flexibility
10. Reasoning, problem-solving and ideation
11. Emotional Intelligence

*Source Future of Jobs Survey 2020, World Economic Forum

Should we be:
a. Managing Indivdual Performance
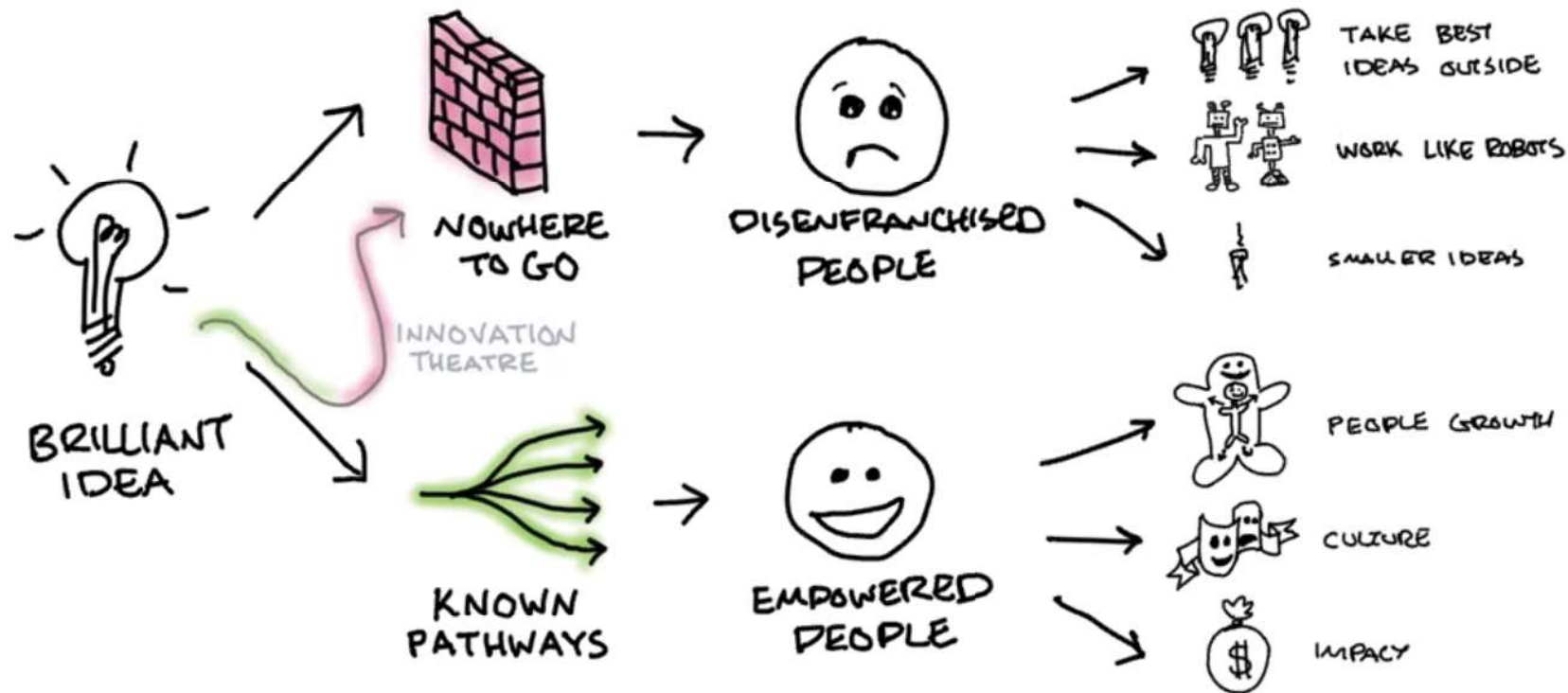b. Inspiring Team Performance *Or*
c. Both???

3

Modern best practices in Performance Management…

FOCUS ON WHAT MATTERS

Do you empower your people to innovate?

Source: Ed Essey www.edessey.com

HR Processes –
How to support wholeness

Job Descriptions, job titles
& career planning

Working hours, flexibility
and commitment

Feedback and
performance management

	Characteristics	Implications
Importance	Goals should be personally meaningful to the individual, regardless whether they are set by manager / employee	Limit to 3 – 5 goals Describe why goals are important & relevant to organisation strategy Connect goals to employee's interests and values (co-creation)
Challenge	Work best when challenging: accomplishing goal should take effort but not feel impossible	Aim for aspirational goals Use other metrics apart from goal attainment

Characteristics of effective performance goals

	Characteristics	Implications
Specificity	Individual should know specifically what they are going to be held accountable for	Set goals with shorter (vs longer) timelines Include measures in the goals (indicators of quality/ quantity and/or timeliness)
Control	Ensure employees have knowledge, tools & resources to meet goals Check on progress regularly & remove any barriers to success	Employees should know that it is within their power to achieve the goals and external factors will not impact

Characteristics of effective performance goals (contd.)

S **Specific**
The goal focuses on a targeted area for improvement.

M **Measurable**
Progress toward the goal can be quantified.

A **Attainable**
The goal is reasonable enough to be accomplished.

R **Relevant**
The goal is worthwhile and in alignment with other goals.

T **Time-Bound**
The goal specifies when it will be achieved.

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Have you heard of OKRs?

OKRs

Objectives; Key Results

What makes OKRs different?

1. OKRs are **aggressive**

2. OKRs are **set from the bottom up**

3. OKRs are **set frequently**

Pros

OKRs stretch employees and grow companies.

• Higher frequency = more adaptability

• Increased transparency

• Aspirational = stretch

• Higher frequency = easier to measure progress & realign.

• Link "why" and "how" together.

Cons

System may be perceived to be complex.

• OKRs take time to adopt

• Individuals and teams need instant access to all OKRs in order to properly align; you may need a system with increased goal setting and tracking ability

• Highly aspirational = employees may get discouraged

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OKR Template

O is for Objective
What's the desired outcome of your goal? Great objectives will pull people out of bed in the morning; make this aspirational and qualitative.

KR is for Key Result
What measurable targets will tell you if you've achieved this objective?

Who?
Is this an organizational objective or a team/department objective? Who are the stakeholders? Who ultimately owns this objective?

Time It
When is this objective due? What are the checkpoints/milestones?

Finalize Your OKR
Objective Outcome: _____

Key Results:

1.

2.

3.

4.

5.

Stakeholders: _____ Due Date: _____

Benefits of Introducing OKRs

Before:

An annual cycle with a complex, subjective scoring mechanism which doesn't allow for more agile and frequent performance conversations.

Something dreaded by managers and employees alike!

After:

A simple agile framework to allow Team Objectives and Key Results to be set and reviewed regularly –

where there's no end of year conversation but regular check-ins through 121s and team meetings.

Why it's important now?

Setting team objectives now is even more important. These VUCA times require the organisation to rely on people collaborating to collectively achieve results.
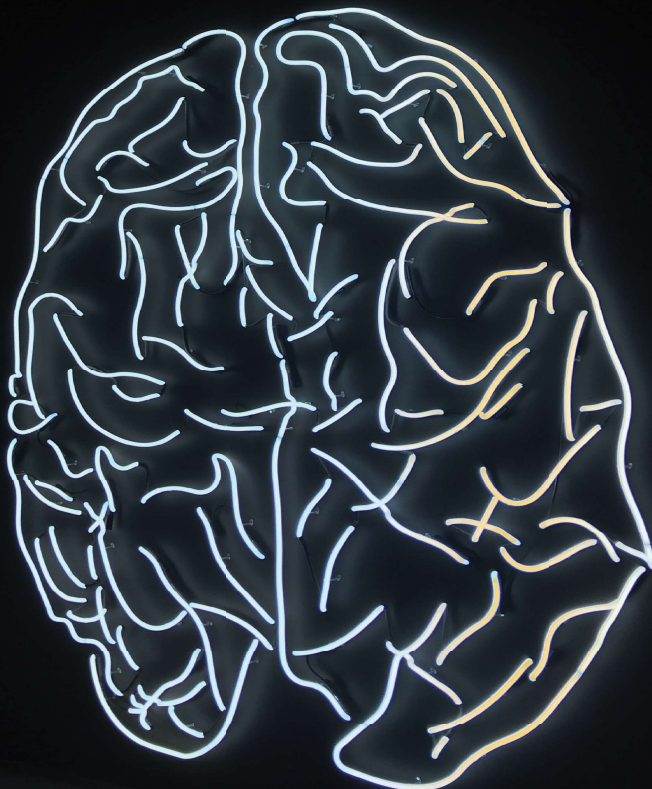
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A Culture that Supports Feedback and Coaching

"I'm afraid of giving critical feedback."

"...negative feedback, if delivered appropriately, is effective at improving performance."

Dealing with under performers

SCARF model – a neuroscience perspective on threat or reward response

1. **S**tatus
2. **C**ertainty
3. **A**utonomy
4. **R**elatedness
5. **F**airness

– David Rock, 2008

Fixed or Growth mindset?

Fixed Mindset:
The belief that you are born with a certain amount of intelligence or potential and that's it...

Growth Mindset:
The belief that we are capable of working hard to increase our potential and intelligence. We are never as smart as we can be...

Mindset, Carol Dweck

"Coaching is a process that enables learning and development to occur and thus performance to improve."

- - Eric Parsloe, *The Manager as Coach and Mentor*

Organisations with a strong Coaching culture

Score as much as 30 % higher on employee engagement scores

Are more than twice as likely to be classified as high-performing organisations

Outperform their peers in internal mobility, diversity hires and retention of high-performance individuals

- Building a Coaching Culture for Change Management, ICF and Human Capital Institute

re wired
HR CONSULTANTS

Any Questions?

Thank You!