

PERFORMANCE MANAGEMENT & APPRAISALS

Central Bank Training Event

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What is performance management?

- **An activity & set of processes that aim to maintain & improve employee performance in line with an organisation's objectives**
- **It is strategic as well as operational**
- **Aim is to ensure that employees contribute positively to business objectives**
- **Ideally, performance should be managed holistically, throughout the range of HR activities & processes**

Some Objectives For Using A Performance Management System:

- To help integrate organisational, departmental, team and individual objectives
- To reinforce a performance-oriented culture
- To weld together different parts of the organisation with different cultures
- To improve performance – the organisation, departments, teams and the individual
- To develop skills, competencies and potential of employees
- Provide link to Performance Related Pay and/or bonus system
- To increase and sustain motivation
- To empower people all the way down the line
- Provides an extra channel for communication
- Provides a framework for managers to improve their performance – e.g. clarifying staff responsibilities, delegation, monitoring and reviewing
- To attract and retain skilled staff
- To support TQM

Most European banks follow a holistic approach:

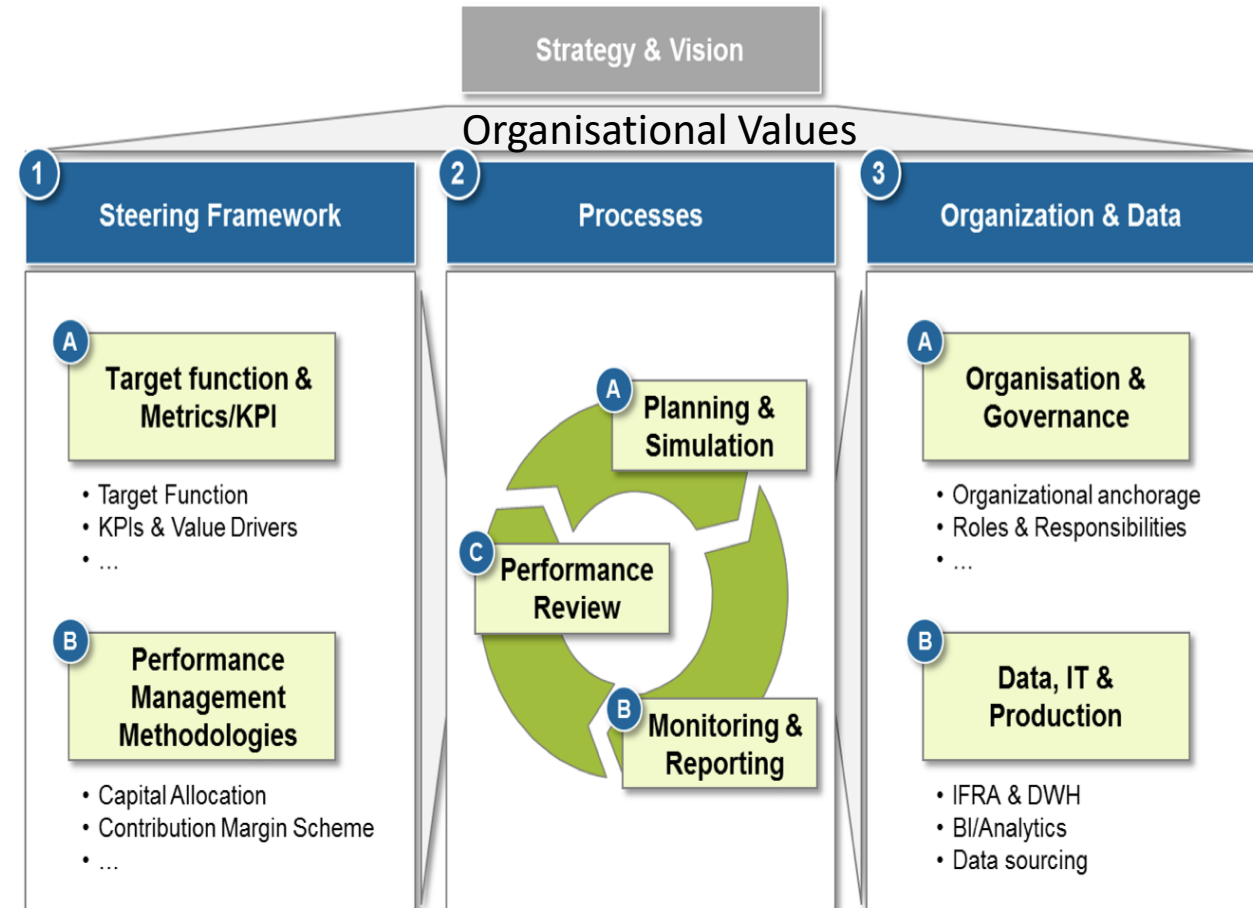
Main focus on the performance management processes - to operationalise the strategy and vision of banks



From strategy to data: Performance management requires a holistic approach

As a basis for this process it requires an integrated steering framework including:

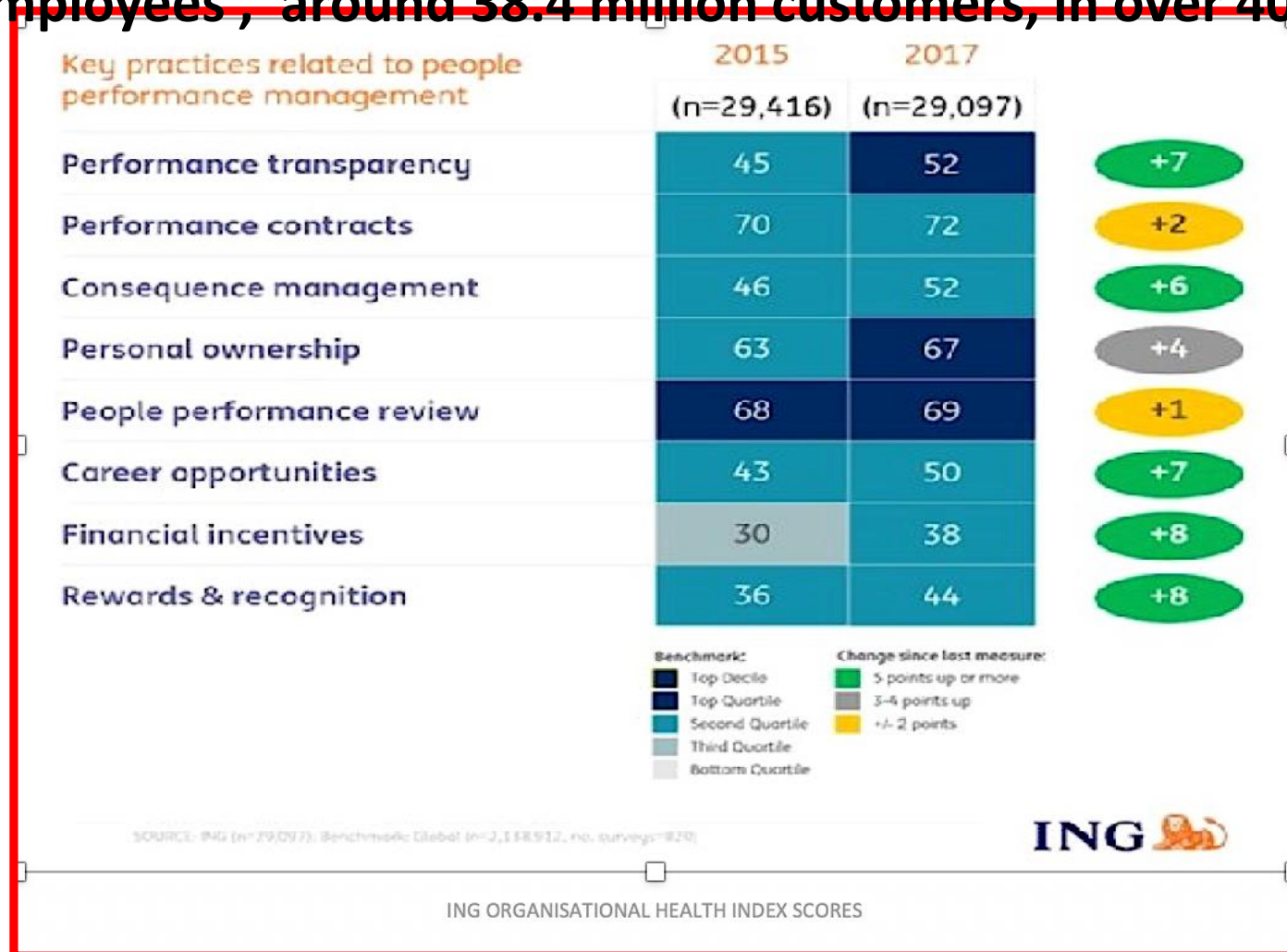
- the target function
- KPIs
- proper methodologies
- appropriate organisational anchorage
- data / IT management
- Managers trained & held accountable
- correct use of system



ING ORGANISATIONAL HEALTH INDEX SCORES

“Our [ING] purpose is to empower people to stay a step ahead in life & in business”

54,000 employees, around 38.4 million customers, in over 40 countries



- **What is the objective of your organisation's Performance Management system?**
- **How well does it meet its objective(s)?**

SOME APPRAISAL PROBLEMS

Time cost

- **UK Gov Dept 2005: 28 page form, 220 page instruction manual, 5 ways to appeal rating**
- **Deloitte 2015: 65,000 staff worldwide, appraisals take total of 2mn hours pa = 31 hours (4.5 days) per person**

Low – even negative – impact

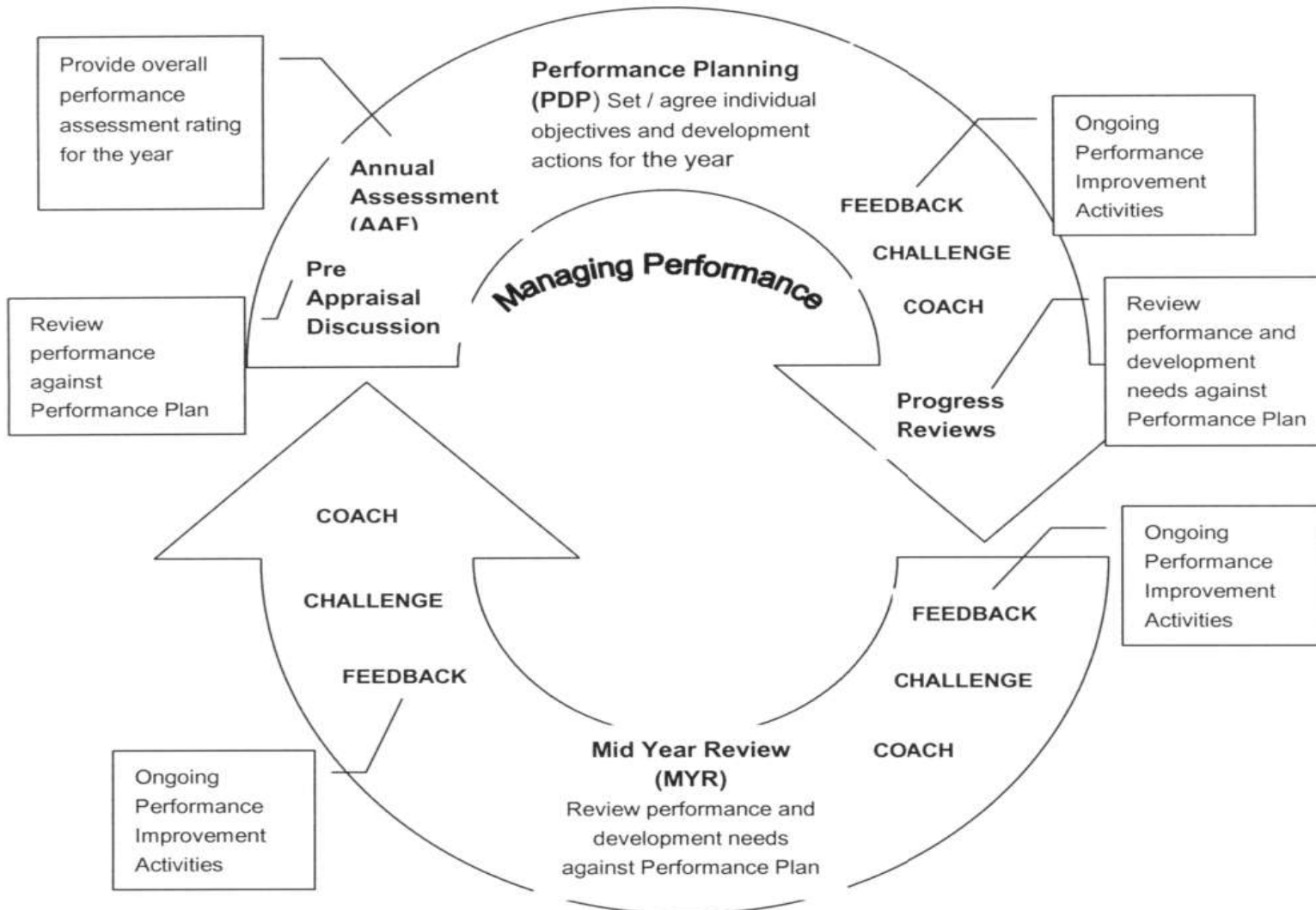
- **US Internet posting: ‘It takes Staff 6 months to recover from appraisal!’**
- **Difficult to be truly objective**

Misdirection of efforts

- **Too much about input, not enough about outcomes**
- **System overload, purpose confusion**

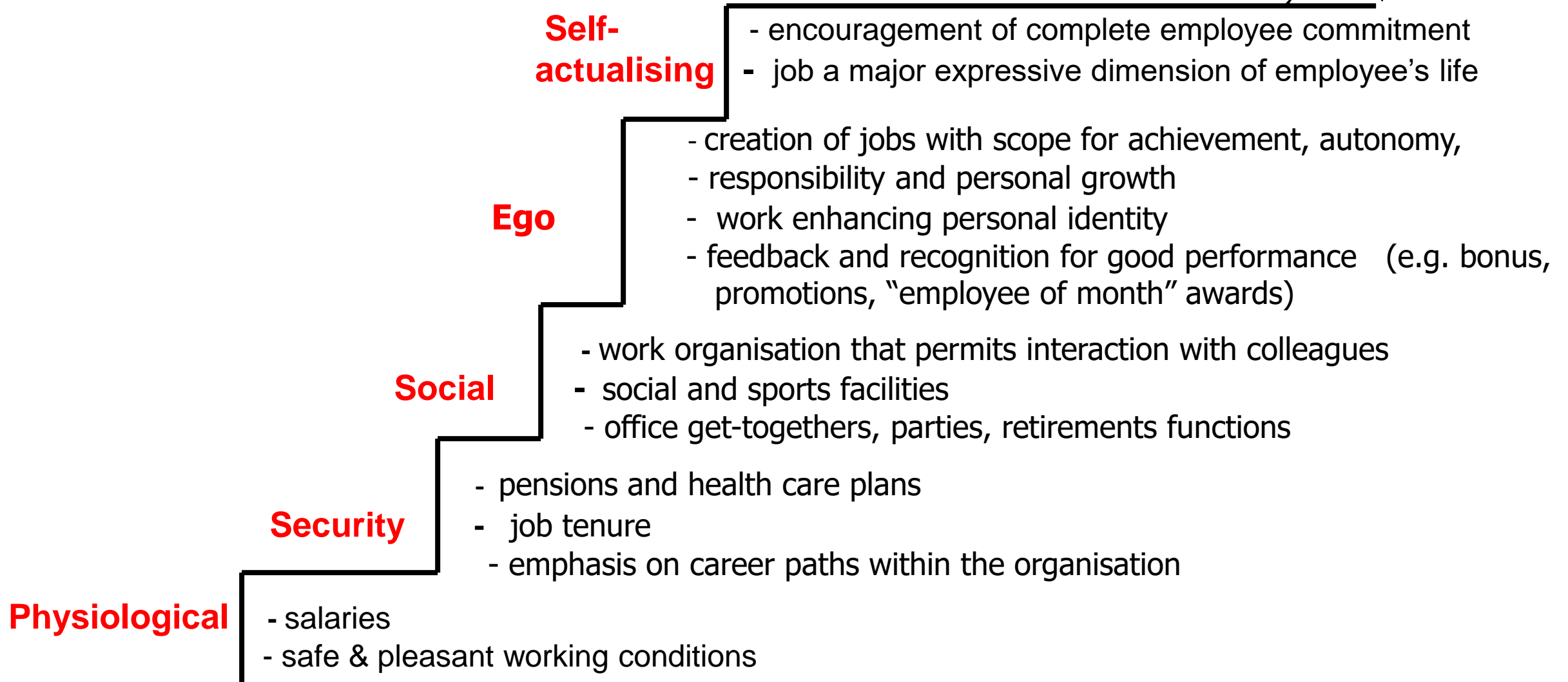
PERFORMANCE MANAGEMENT MODEL

Figure 1: The Performance Management Cycle in a Performance Culture



MASLOW'S HIERARCHY OF NEEDS

adapted from "Images of Organisations", Gareth Morgan



Main tools used in Performance Management:

- **Objective setting**
- **Performance ratings**
- **Feedback & Coaching**
- **Learning & Development**
- **Performance Appraisals**
- **Performance-Related Pay**

PURPOSES OF / CRITERIA FOR SUCCESSFUL APPRAISALS

↑ OUTCOMES

- Raised performance and even greater contribution to the business
- Staff development and fulfilment
- Engagement and retention

↑ OUTPUTS

- Clarity about strengths and areas for improvement
- Raised motivation and morale
- Further development of good working relationships

↑ INPUTS

- Focus on the person (not the form) and behaviour (not personality)
- Sensitive preparation (both sides)

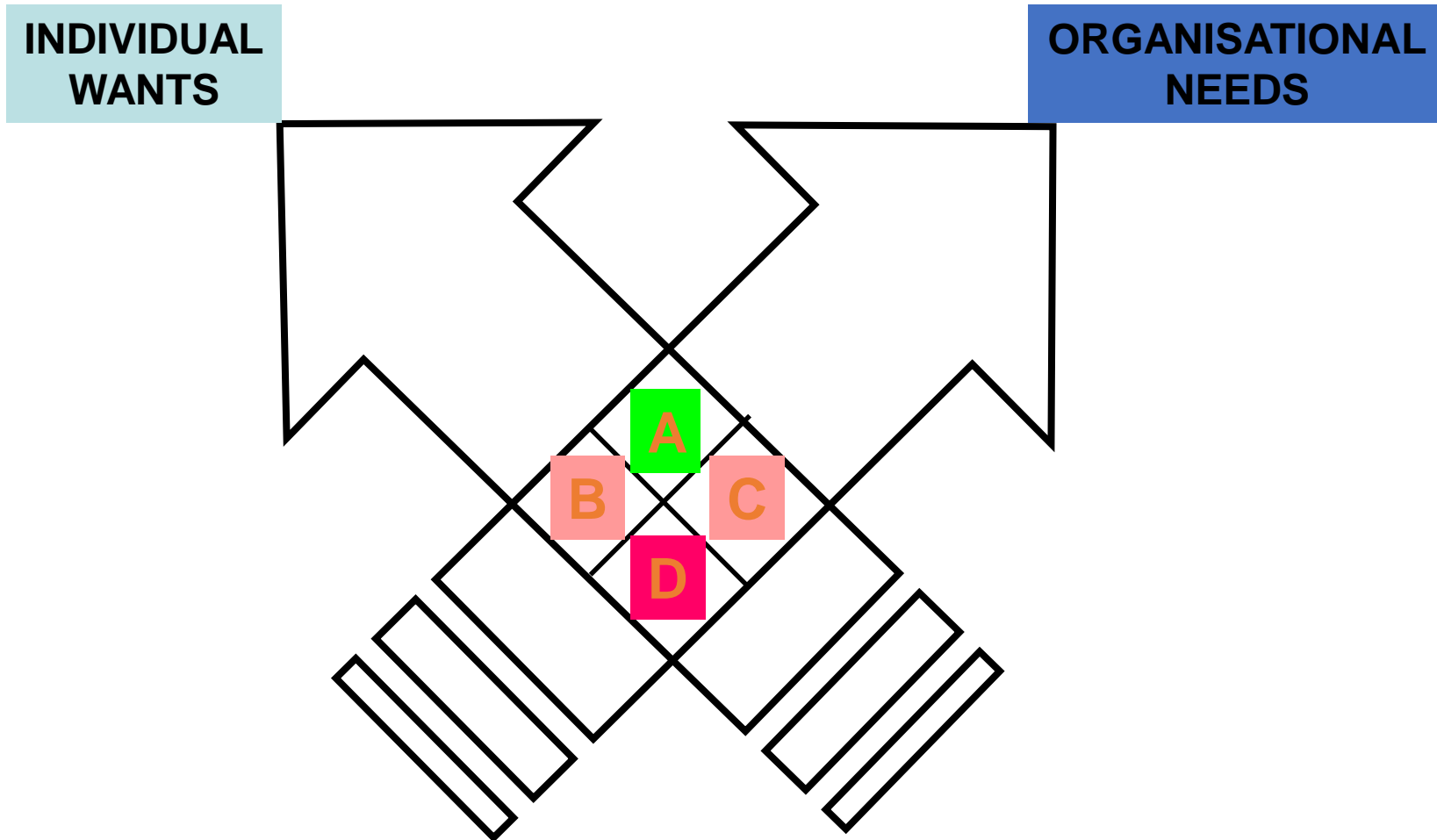
OBJECTIVES – 7 GROUND RULES

- **Agree objectives jointly**
- **Agree measures of measurement**
- **Agree a realistic time scale**
- **Make them achievable but challenging**
- **Let the job holder decide how to get there**
- **Use objectives for personal development**
- **Review progress regularly**

5 STEP ACTION PLAN TO IMPELEMENTING OBJECITVES

- **DEFINE THE AIM**
- **DEFINE SUCCESS CRITERIA**
- **DEFINE THE PLAN**
- **ACTIVATE THE PLAN**
- **ANALYSE THE RESULTS**

BALANCING PERFORMANCE AND DEVELOPMENT



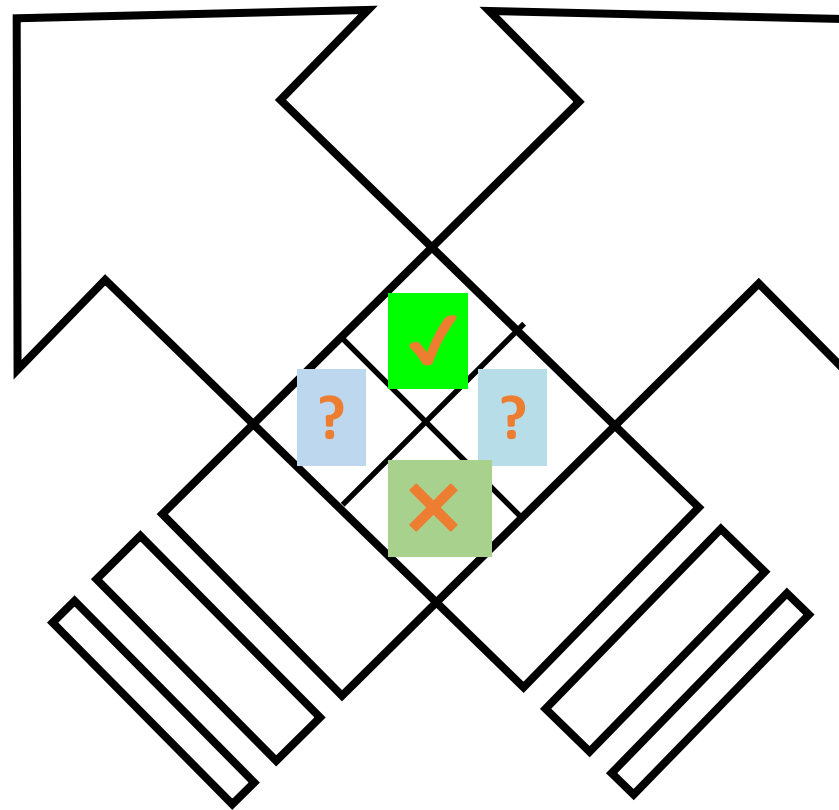
SOME USEFUL APPRAISAL / PERFORMANCE REVIEW QUESTIONS

1. *'What are the 3 things you've done since our last 1-to-1 meeting / appraisal / review that you're proud of? What makes you so proud of them?'*
2. *'What are the 3 things that, if you had another chance, you'd do differently?' [NB NOT 'better']*
3. *'What are the 3 big things you'd like to achieve in your work going forward? How will these help the Bank?'*
4. *'What are the 3 things that I, as your Manager, can do to help you to achieve your goals?'*

UNDERLYING LONG-TERM ISSUE – BALANCING PERFORMANCE AND DEVELOPMENT

INDIVIDUAL
WANTS

ORGANISATIONAL
NEEDS



FIVE QUESTIONS TO EVALUATE YOUR CURRENT PERFORMANCE REVIEW PROCESS

1. Are you measuring performance accurately?

Performance can be measured in a number of ways, usually

- ratings on competencies and behaviours
- specific performance objectives or goals
- and/or performance metrics.

Whatever measurement is used it should:

- accurately reflect the performance and job of the individual
- what is truly required to be successful on the job, and
- the results that the business needs most.

Signs that performance isn't being measured accurately are:

- complaints of unfairness or inaccuracy (i.e. the factors assessed are different than one's job, the metrics are unreasonable, etc.)
- lack of differentiation in ratings among employees
- perceptions about a lack of accountability
- inconsistent ratings (such as high ratings overall but lower ratings on performance factors).

FIVE QUESTIONS TO EVALUATE YOUR CURRENT PERFORMANCE REVIEW PROCESS

2. Are you setting clear expectations upfront?

- Employees know what is expected of them early in the performance cycle
- They know what specifics they will be evaluated on and for what they will be held accountable
- They understand what you expect to be top performance in terms of demonstrating certain behaviours & meeting certain standards.
- Expectations are clear, fair, and consistent

3. Is the performance management process being executed properly?

In an ineffective performance management process:

- managers typically conduct and submit untimely performance reviews and
- are inconsistent and/or ineffective in their approach of managing performance.
- This often occurs because they lack training on how to deliver good performance management, a supportive and efficient performance management process to work within, and/or are not held accountable for performance management

Correct execution of performance assessment primarily lies with manager/supervisor

FIVE QUESTIONS TO EVALUATE YOUR CURRENT PERFORMANCE REVIEW PROCESS

4. Are employees receiving meaningful feedback? (2018 [Global Performance Mtg. Survey](#))

- 3% of organizations find their overall performance management system valuable
- All employees must receive meaningful, constructive, specific, and regular feedback on their job performance
- Managers need to invest time in providing employees with good feedback : must be consistent & timely
- Primary goal: to help employees enhance performance. Therefore, quality coaching and feedback, and periodic discussions about performance are essential

5. Is the performance management process drudgery?

- Too often performance management is administratively heavy, uncomfortable and time-consuming for managers,
- lacks value for many employees.
- When the process becomes drudgery versus an engaging experience, it's time for a tune-up and revamp.

2018 [study by Globoforce](#) - employees who enjoy reviews and view them as accurate are more likely to report job satisfaction.

- Viewed as opportunity for development & growth
- Good chance to get clarity, discuss barriers to success
- Helped them to feel more engaged and their contribution is seen/efforts appreciated