



# KEY TRENDS in Performance Management

Performance management has been experiencing a seismic shift in thinking and effectiveness over the last several years. The millennial workforce now is a majority of the US workforce with almost 54% of the employee population<sup>1</sup>, and that has driven a lot of change in workplace behaviors. Once a year rigid ratings-based performance appraisals are slowly fading away to continuous bite-sized approaches to performance. While the once-a-year approach is still used in the majority of organizations, it is not necessarily popular or effective with a large majority of employees feeling that they provide very little value.

According to a research study by Deloitte, over 70% of organizations are evaluating their performance management processes or have recently implemented new processes and tools<sup>2</sup>. Several organizations are transitioning to a developmental and active engagement-driven approach to performance pioneered by platforms such as Engagedly.

Here are some of the trends in performance management that have seen success and adoption among progressive organizations.

## Continuous Feedback and Coaching

### Manager as a Coach

Now more than ever before, organizations are embracing more broadly the practice of providing guidance on how to solve problems rather than solving the problem for the employee. Whether or not organizations have a formal performance process, coaching can provide big dividends by maximizing the potential of the employee's talent. According to a recent Gallup research only 19% of Millennials said they receive routine feedback<sup>3</sup>. According to another Gallup research only 12% of the employees strongly agree that managers help set work priorities<sup>4</sup>.

When you enable managers as coaches, the employees not only come out ahead in their performance but managers also benefit from a better understanding of their current teams and align them for optimal outcomes. Several tools empower coaching, such as the real-time feedback tool from Engagedly. These tools allow managers and peers to provide observational, quantifiable feedback that can provide pointers to employees to improve their overall performance and the performance of the team they work with.

Since this can be done on a real-time, bite-sized manner, feedback can be provided throughout the year at the right time when the observation driving the feedback occurs.

For example, telling somebody that he or she made a good presentation or really helped out the team by staying late to resolve issues goes a long way to reinforce contributions. Conversely, providing constructive feedback on when an employee could have done better helps correct those behaviors.

*To be effective, the feedback has to be timely, and it has to be specific. So just saying, “You could have done a better presentation” does not help and can cause more frustration.*

## Simplify Performance Process

A big trend now is to move away from long-form, cumbersome performance processes and systems. Organizations are now seeing value in discussion based annual or bi-annual reviews of performance.

So instead of long-form competency or outcome-based discussions and complex rating systems, managers can now simply review all the feedback and coaching notes, as well as the goals the employee had during the performance period, to recap the performance.

These discussions then transform performance reviews to review of performance. HR teams transform from transactional to talent-strategy leaders, getting insights from these discussions and feedback to understand where they need to invest their core resources.

*Simplifying the Performance management process into a feedback and developmental approach will lead to HR business partner play a more strategic role in the organization*

HR practitioners should not exist just to roll out a talent-management process and chase down employees, but to make people more productive and effective in their role. Systems like Engagedly take very little training, and onboarding and can provide effective automation to enhance productivity. This transforms HR into strategic partners instead of transactional employee chasers.

## Goals and Objectives Are Managed Dynamically

### Real-Time Goal Management

The traditional approach to goal setting and management relied on managers setting their employees' goals at the beginning of the performance year but not really being able to periodically track progress on those goals. Employees would frequently be pulled into different initiatives, and their original goals would end up languishing.

Active goals-based performance management using tools to automate is a trend that helps employees and managers to focus on goals dynamically. Additionally, as goals change, employees can reflect those changes in the goals and set new goals. Technology enables employees and managers to stay focused on team goals and have real-time conversations around goals.

Rather than setting annual goals, setting and managing goals in an agile manner addresses many of the issues with goal alignment and teams spending time on unproductive activities.

Being able to align goals in systems like Engagedly allows organizations to ensure their teams are all aligned with organizational goals and managed in near real time. This real-time approach to goals ensures that employees do not lose track of their goals. It also allows managers to act as coaches by being able to regularly check in with their employees' goal progress in an automated system.

## Driving Performance-Management Behaviors

Transparency in communications, expectations, and collaboration among managers and among team members is a growing trend to drive performance culture. It has to work both ways where managers and employees can see each other's goals. This allows both the employees and the managers to assess how their goals align and contribute to overall team success.

Collaboration among team members drives higher performance. When employees actively collaborate—not just on their projects but also on outside projects—they learn from each other. A platform like Engagedly can enable active engagement among team members with an easy-to-use social collaboration tool to generate ideas, answer queries, and solve problems together. This enables organizations to drive behaviors that are not only around working on self-tasks but also achieving better overall team outcomes.

Recently there has been a growing interest in Albert Bandura's Social Learning Theory. Bandura's idea enforces the concept of modeling behaviors by leaders and of employees adopting those behaviors. Ongoing feedback tools in systems like Engagedly promote social learning and reinforcement of performance correlated behaviors.

*Rather than focusing on rigid processes, organizations should focus on performance-enhancing behaviors—such as coaching, active engagement, and collaboration—that drive better performance.*

Assuming you have hired the people who are the right fit for your organization, research proves that highly engaged employees drive better overall performance. Conceptualizing and communicating a clear vision and measurable goals between employees and their managers is one of the key performance behaviors.

When people give timely feedback and employees act upon it creating an environment of continuous learning and growth, it is precisely the type of behaviors organizations should focus on.

## Social Learning

Learning is an ongoing process. Organizations generally have been utilizing comprehensive learning management systems (LMS) to develop employees and drive better performance. However, in the end, they have a large library of courses that does not deliver the full benefits promised. According to a CapitalWorks employee survey Informal learning contributes an astounding 87% to job proficiency skills. Another study shows that there is a 80/20 split with about 80% of job skills are learned informally from other co-workers<sup>5</sup>.

*“Learning is an experience, everything else is just information.”*  
—ALBERT EINSTEIN

Most organizations that pursue learning platforms or LMS ultimately buy software that basically provides a database of “information.” The key is to convert this “information” into actual learning experiences for the employees and creating the growth mindset.

Every organization has a trove of tribal knowledge within the organization. The problem becomes harnessing that knowledge without making it a cumbersome project. A performance culture that can best harness this intrinsic knowledge within an organization can take the learning to the next level.

One way to do that is to democratize learning. Essentially, the concept here is that a person can be both a learner and a teacher at the same time. Clear evidence has shown that people who dispense learning to others also learn in the process. Most learning systems have prepackaged courses that are devoid of context within that organization. What organizations really need is a mechanism to learn contextually and experientially from others within that organization.

Democratizing learning allows an organization to essentially crowd source institutional knowledge that is already within the organization. This allows organizations to build a repository of knowledge that is much more relevant than prepackaged content.

A platform like Engagedly has tools that drive this precise behavior through various mechanisms, including micro-learning that crowdsources knowledge from experiences of other co-workers.

## Integrated Employee Insights

As systems become more sophisticated and interactive, a lot more insights within these systems can be harnessed. The method of running basic reporting misses many insights and predictive behaviors that exist within the system. Obviously, the performance management system must have the data within the system. However, as organizations move from traditional approaches for performance management towards more interactive and engaging approaches to performance, more insights are available. According to McKinsey and co. a company saved retention bonuses by \$20 million reducing by 50% its employee attrition by the use of predictive behavioral analytics which showed that employee recognition and employee development were leading factors in employee defection<sup>6</sup>.

*Systems can now provide insights that could predict when an employee might leave an organization or is at risk for low performance.*

Employee insights can also provide a mechanism for talent mobility by better job-skill matching based not only on their skill profile but also their interest and experiential profile.

However, some of these insights are not always in a system, so it must be solicited using employee surveys and assessments. Combining this with system-generated insights can be a powerful tool for organizations to better optimize their talent pool.

Insights can help determine what makes an employee succeed and what can prevent an employee from underperforming. For example, organizations can see if there is a consistent trend of better performing employees under one manager versus another and what factors could be contributing to a better performing team.

In summary, as technology advances and generational changes take place within organizations with the advent of millennials in leadership positions, employee-performance management will continue to evolve and take a more continuous, real time approach enabled by technology. Organizations that take advantage of these advances will provide a better ecosystem for their employees where they can flourish and excel.

## About Engagedly

Engagedly is a leading Talent Management Platform for Performance Management, Employee Engagement and eLearning.

Performance Appraisal ☆ 360 Review ☆ Goals ☆ eLearning  
☆ Rewards and Recognition ☆ Social Collaboration

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### Source

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