

## The Evolution of Performance Management



Within the context of disruptive innovations and rapidly changing business environments, performance management has recently become one of the most debated topics with the HR arena.

Some organisations have thrown their traditional performance management system out of the window and have adopted a completely new approach. Other companies are rethinking their current framework, considering at least one or more changes.

For years, companies have attempted to address disappointing performance results by reinventing their performance management system, only to achieve disappointing results again and again. This cycle has caused performance management to become increasingly bureaucratic and viewed as burdensome, costly and low-value by employees and managers. However, the behaviours that performance management intends to achieve remain important drivers of development, engagement and performance.

In a public survey Deloitte conducted in 2015, more than half the executives questioned (58%) believe that their current performance management approach drives neither employee engagement

nor high performance. Today's organisations are in need of a swifter, real-time and more individualised processes that is focused on fuelling performance in the future – *as well* as evaluating the outcomes of previously set goals, but not *only* doing so.

The best companies are shifting away from rigid performance management systems toward a more flexible approach, reinforcing critical thinking that matter every day and aligning individual work to organisational objectives. Effective performance management provides meaningful, real-time feedback, ensures employees have clear expectations and coaches them to achieve their maximum performance levels.

Research has shown that it's not advisable to eliminate performance appraisals and ratings altogether. Instead, CEB recommends that all companies should look to employ performance management best practices in three ways:

### **1. Provide on-going, not episodic, performance feedback**

Increasing the frequency of informal performance conversations allows managers to provide more timely feedback to employees and to adjust expectations about what's required.

### **2. Make performance reviews forward looking, not backward looking**

Assessing and discussing future performance provides managers and employees with a more accurate understanding of their abilities to meet future business needs and how to improve those abilities.

### **3. Include peer, not just manager, feedback in evaluating performance**

Collecting feedback from peers who understand employees' work helps managers assess and discuss employee performance in an environment where employees must increasingly work with peers to be effective.

Companies are under competitive pressure to upgrade their talent management efforts. This is especially true at consulting and other professional services firms, where knowledge work is the offering – and where inexperienced university graduates are turned into skilled advisers through structured training.

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“Such firms are doubling down on development, often by putting their employees – who are deeply motivated by the potential for learning and advancement – in charge of their own growth,” says Harvard Business Review’s Peter Cappelli.

This kind of approach requires rich feedback from supervisors – a need that’s better met by frequent, informal check-ins than by annual reviews.

### Sources:

- [The Real Impact Removing Performance Ratings on Employee Performance](#)
- [Reinventing Performance Management](#)
- [The Performance Management Revolution](#)
- [The changing performance management paradigm: evolution or revolution? Is there a future for performance management?](#)
- [The Real Revolution In Performance Management](#)
- [Performance Management: Unleash the Performance Potential of Your People](#)