CHAPTER 15

ASSESSING PERFORMANCE MANAGEMENT PROGRAMS AND POLICIES

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Assessing Performance Management Programs and Policies

A recent study reports that only 45 percent of HR professionals think that their performance management system currently in use is valuable to the organization (OnPoint Consulting, 2007). Why is this so? The problem likely lies in the bare-bones approach to performance management that many organizations utilize. Often, the performance management system consists of only an annual performance evaluation that is used for administrative purposes. In addition, while these evaluations may be useful, researchers and practitioners alike have observed a phenomenon referred to as the "vanishing performance appraisal" (Cropanzano, Bowen, & Gilliland, 2007). Organizations report that performance reviews are required and managers often report that they conducted them, yet many employees in these same organizations report that they never received a review. *What if we took assessment seriously?* This chapter will go beyond the customary annual performance evaluation by using six assessment points that are embedded in a comprehensive model of performance management.

Model Overview

In order to clearly illustrate the performance management system we propose, Figure 15.1 depicts our performance management model. In addition, to help clarify the model and the six assessment points, we will use a hypothetical manufacturing company, Palisades Inc., which employs one thousand salaried employees. The average span of control for each manager is approximately eight subordinates. Figure 15.2 is the timeline for Palisades Inc.'s performance management process, along with each assessment point. For the sake of clarity, the 2010 calendar year will serve as the cycle for implementation of the performance management process. Exhibit 15.1 is a glossary of the assessment points of the performance management system. Figure 15.3 shows the sequence of the six assessment points. Tables 15.1 & 15.2 display the organizational and individual precursors, respectively. In addition, we will follow two Palisades employees, Michael and Anna, at various points throughout the process. While we are using 2010 as the implementation year, in order to clarify the six assessment points, whenever we use examples of Palisades or its employees, it will be as though the assessment data has already been collected.

Assessment Point 1: Organizational Precursors

The purpose of evaluating organizational precursors and administering the organizational precursor scale (OPS) is to first gather a baseline measure of current performance management behaviors and, second, to determine what should be emphasized during the training phase of the performance management system (Silverman, Pogson, & Cober, 2005). Organizations that support individual change will be better able to facilitate change in the organization (Mauer, Mitchell, & Barbeite, 2002). The OPS (Silverman, Pogson, & Cober, 2005) will measure the extent to which effective performance management behaviors are currently being exhibited (see Table 15.1). The OPS assessment takes place twice during the performance management cycle. Assessment Point 1 will take place in June 2009 and Assessment Point 5 will take place in January 2011. Ideally, data will be

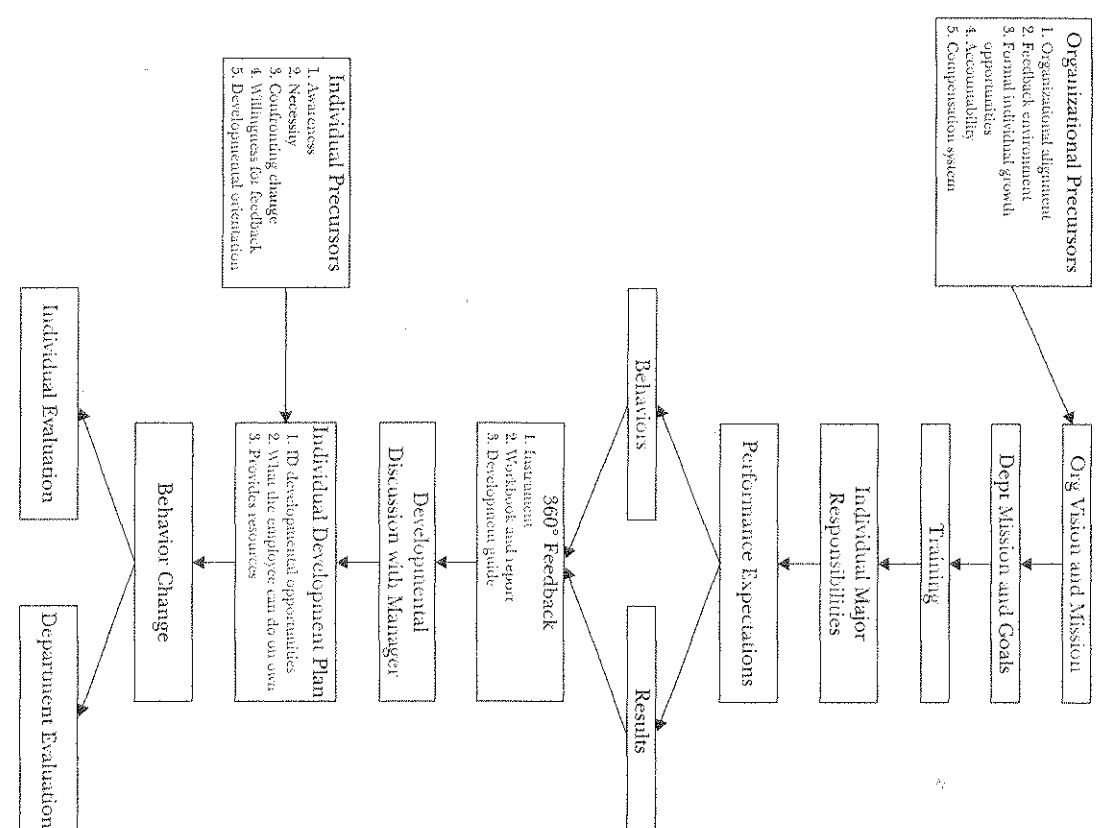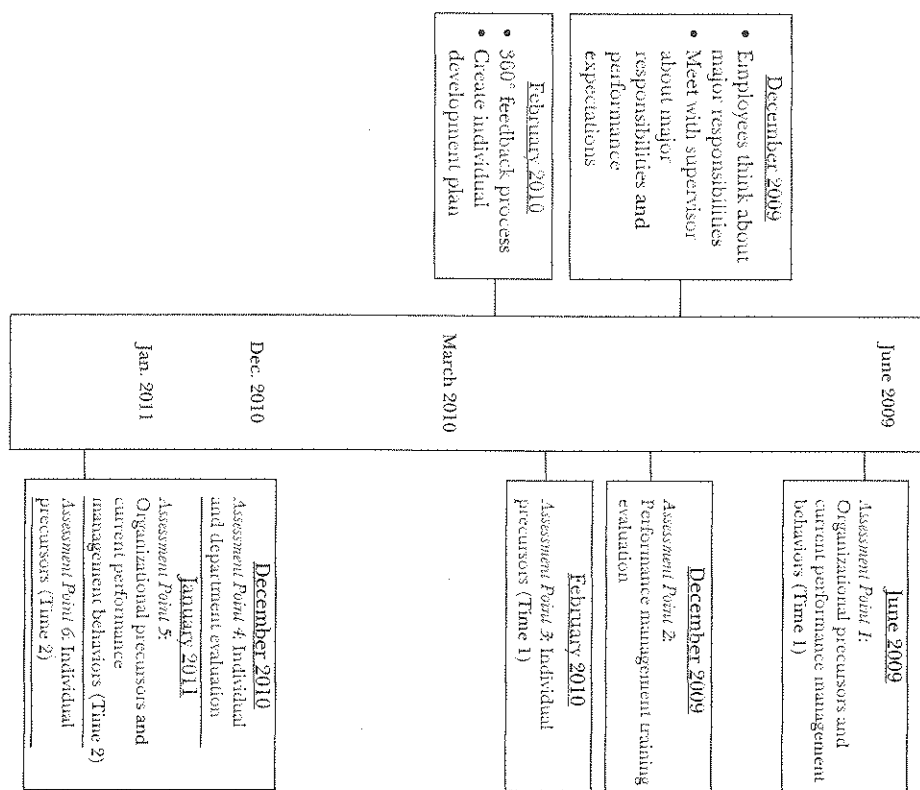## Figure 15.1 Performance Management Model.

Figure 15.2 Timeline for Palisades Inc.

Figure 15.2 Timeline for Palisades Inc.

December 2009
- Employees think about major responsibilities
- Meet with supervisor about major responsibilities and performance expectations

February 2010
- 360° feedback process
- Create individual development plan

Timeline: June 2009 — March 2010 — Dec. 2010 — Jan. 2011

June 2009 — *Assessment Point 1:* Organizational precursors and current performance management behaviors (Time 1)

December 2009 — *Assessment Point 2:* Performance management training evaluation

February 2010 — *Assessment Point 3:* Individual precursors (Time 1)

December 2010 — *Assessment Point 4:* Individual and department evaluation

January 2011 — *Assessment Point 5:* Organizational precursors and current performance management behaviors (Time 2)

*Assessment Point 6:* Individual precursors (Time 2)

collected from all managers and employees affected by the performance management system.

The OPS will derive a 1 to 5 score on each organizational precursor. Managers and subordinates will rate each organizational precursor. Precursors will be assessed by both managers and employees, and data from this questionnaire will not only help determine what training needs to be done, but scores on the organizational precursors will also show how ready and supportive an organization is for change.

Exhibit 15.1 Glossary of the Assessment Points.

Assessment Point 1: Organizational precursors and current performance management behaviors measured by the Organizational Precursor Scale (OPS) (Time 1)	The OPS will assess how much support organizations give to individual change and development and the extent to whi current effective performance management behaviors are present. The data will determine training emphasis.
Assessment Point 2: Performance management training evaluation	Following the performance management training, training evaluation will take place at the reaction and learning lev
Assessment Point 3: Individual precursors (Time 1)	The individual precursors assess how ready employees are to grow and develop. Based on scores on these precursors, it will be determined how much individual guidance is needed during development.
Assessment Point 4: Individual and department evaluation	These evaluations take place at the end of the year and serve as a formal performance appraisal to make administrative decisions. Both the individual and department will be assessed to see whether major goals and responsibilities have been met for the year.
Assessment Point 5: Organizational precursors and current performance management behaviors measured by the Organizational Precursor Scale (OPS) (Time 2)	This assessment of organizational precursors and performanc management behaviors will be compared to *Assessment Point 1*. The goal is to have increases on the organization precursors and performance management behaviors after implementation of the performance management system
Assessment Point 6: Individual precursors (Time 2)	This assessment of individual precursors will be compared to *Assessment Point 3*. The goal is for employees to have highe scores on individual precursors after implementation of t performance management system.

Figure 15.3 Sequence of Assessment Points.
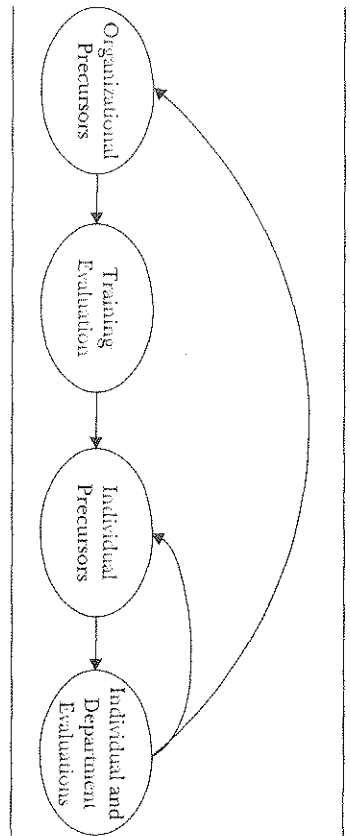
Organizational Alignment

The first organizational precursor, organizational alignment, describes how well the organization's vision, mission, and values are aligned throughout the departments and employees in the organization.

A rating of "1" indicates that there is little to no integration of organizational and individual expectations. This can be problematic because individuals in organizations that have low organizational alignment may not identify with the direction of the organization. This may lead to problems down the line, such as turnover. A rating of "3" on the precursor of organizational alignment signals that the organization has a clearly defined vision, mission, and values and has some connections to the individual level, but needs to enhance these connections. Finally, a rating of "5" on the organizational precursor of organizational alignment indicates that the organization has a clearly defined mission, vision, and values, and that these are completely connected with the individuals in the organization. This is the ideal rating for organizational alignment. An effective performance management system will be the driver that connects the organizational vision, mission, and values to the individual level.

Feedback Environment

The second organizational precursor is the organizational feedback environment. This describes how strongly feedback is

Table 15.1 Organizational Precursors Items.

	1	2	3	4	5
Organizational Alignment	[Little integration of organizational and individual expectations]	—	[Clear vision, mission, and values and some connection to individual level]	—	[Well-defined organizationa vision, mission, and values th are aligned down through th individual level]
Organizational Feedback Environment	[Inconsistent performance related practices throughout the organization]	—	[Job-related systems that reinforce valued behaviors and results in parts of the organization]	—	[Clear job-related systems th reinforce valued behaviors a results throughout the entir organization]
Formal Development and Learning Opportunities	[Provides few development and learning opportunities for employees]	—	[Provides adequate development and learning opportunities for employees]	—	[Organizational priority is one of creating a culture of continual development and learning opportunities]
Accountability	[Organization has little accountability for organizationally valued changes]	—	[Organization has inconsistent accountability for organizationally valued changes, that is, depends on the manager]	—	[Organization has clear accountability for organizationally valued changes]
Compensation System	[A lack of variable pay systems]	—	[Moderate pay for performance systems where pay is associated with organizational change]	—	[Clear pay for performance systems where pay is a positi force for organizational change]

From Silverman, Pogson, and Cober, 2005

	1	2	3	4	5
Awareness	[Little awareness of areas that may need to be changed]	—	[Moderate awareness of areas that may need to be changed]	—	[Highly aware of areas that may need to be changed]
Sense of Necessity	[Shows a little desire to change]	—	[Shows a moderate desire to change]	—	[Shows a strong desire to change and understands the importance of change]
Confronting Change	[Low understanding of the steps needed for change]	—	[Moderate understanding of the steps needed for change]	—	[Strong understanding of the steps needed for change]
Willingness for Feedback	[Little openness and emotional readiness for feedback from others]	—	[Moderate openness and emotional readiness for feedback from others]	—	[Strong desire and emotional readiness for feedback and open to candid opinions from others]
Development Orientation	[Seldom seeks out opportunities for growth and development]	—	[Occasionally seeks out opportunities for growth and development]	—	[Continually seeks out opportunities for growth and development]

From Silverman, Pogson, and Cober, 2005

engendered into the organization's culture. This includes informal as well as formal feedback. Furthermore, feedback systems should be in place that provide for specific feedback directed at the task level (Kluger & DeNisi, 1996). Vague feedback about overall performance is clearly not as helpful to employees as a comment about the specific task being performed. Tying the feedback into the daily operation of the organization also shows the employee that they make an impact on the organization and what they do is important to the functioning of the organization.

Like the precursor described previously, a score on the organizational feedback environment is on a 1 to 5 scale. A "1" on the precursor of organizational feedback environment indicates that the organization does not have a consistent feedback process in place. Feedback may or may not be given informally or even in a formal setting besides the annual performance review. Some managers may give feedback while others do not. Clearly there are not systems in place that provide for adequate and necessary feedback.

A rating of a "3" on organizational feedback environment indicates that some type of system for delivering feedback does exist, but it may not be consistent throughout the organization. The feedback given is job-related and centers on the behavior and results valued by the organization. This feedback most likely is given in formal settings, such as with a meeting with a supervisor. However, these practices may not be consistent across the organization; they may differ between departments or even managers.

A rating of a "5" on organizational feedback environment indicates that the organization has a defined feedback system that is implemented across the entire organization. This system includes both a developmental component and an evaluation component. High scores on this organizational precursor are especially important because organizational feedback environment is critical to the success of a performance management system.

Formal Individual Growth Opportunities

The third organizational precursor is formal individual growth opportunities. Ratings on this organizational precursor indicate how focused an organization is on providing learning and

developmental opportunities for their employees. These opportunities should also be clearly communicated to the employees. Employees should know that these opportunities exist for all, not just a select few.

A rating of a "1" on the precursor of formal individual growth opportunities indicates that employee perceptions are that there are few or no opportunities for individual growth in terms of development and learning that the organization offers. Employees generally do not get the sense that the organization supports learning and growth. A rating of a "3" on formal individual growth opportunities indicates that there are some opportunities that are available to employees. These programs are generally considered adequate by the employees, but the connection between these opportunities and the culture of the organization is unclear. Last, a rating of a "5" on the organizational precursor of formal individual growth opportunities signifies that not only are there formal programs for individual development and growth, but these opportunities are highly encouraged and considered part of the culture of the organization. The performance management system should require that an individual development plan be created for each employee as a formal part of the process.

Accountability

The fourth organizational precursor is accountability. Accountability reflects whether the appropriate managers and employees are held responsible for the consequences of not making needed change. This includes both changes in behaviors and results that will improve the organization and those that will be a detriment to the organization.

A rating of a "1" on the organizational precursor of accountability indicates that there is little accountability across the organization for the necessary individual change needed for the organizational alignment discussed earlier. Without accountability, there is a lot of blaming of others, and it is likely that no or minimal change will occur, and these changes may not be valued highly by the organization. A senior-level executive commented to one of the authors recently, "I have been immensely successful throughout my career. Why would I change the set of behaviors we are discussing?" If there are no consequences and no accountability for the needed change, why would the individual change?

A rating of a "3" on the precursor indicates that there is some accountability for change, but it is inconsistent. A rating of a "5" on accountability indicates that those who create organizationally valued changes are appreciated, and those in the organization who do not make necessary change are consistently held accountable. This can be reinforced by the performance management system through the individual major responsibilities and corresponding performance expectations and by holding individuals accountable for the change inherent in the individual performance plans.

Compensation System

The fifth organizational precursor is the compensation system. If behaviors that lead to effective results for the organization are rewarded, employees should be more likely to continue to strive for these achievements. Moreover, the compensation system is a way to link the behaviors of the individual to the values and success of the organization. By doing this, the organization demonstrates to the employees how important their behaviors are to the success of the organization.

A rating of a "1" on the organizational precursor of compensation system indicates that there is no or little connection from individual behaviors and results to the pay of employees. This means that employees do not see a connection from their behaviors and achievements to the values of the organization. This may give employees little reason to behave in ways that benefit the organization, as they see no direct reward for doing so. It is our experience that, when asked, most human resource professionals believe they have a pay-for-performance system in place. Yet managers and employees alike do not see that same connection. A rating of a "3" on the precursor of the compensation system indicates that there is some pay-for-performance going on, but that it may not be well defined by the organization. A rating of a "5" on the organizational precursor of the compensation system indicates that there are clear guidelines imposed and communicated

to employees on when and how achievements and individual change are rewarded by pay. This connection should be created and/or strengthened through the performance management system.

Example of Assessment Point 1 at Palisades Inc.

Palisades Inc. has just completed the OPS. Because they are planning to implement a new performance management process, they chose to administer the OPS online to all managers and employees who would use the new process. In addition, two open-ended questions were used that asked about the strengths of the current performance management process and the areas that required improvement. Scores on each individual precursor varied from a score of "2" to a score of "4." Therefore, some areas require more training and change than others. Hence, each organizational precursor will be briefly discussed below.

Palisades Inc. had an overall organizational alignment score of "3." Upon reviewing the individual items, the organizational vision and mission are clearly well defined, but there are not good connections with the individual level in most areas. It is clear that some work needs to be done to align the organizational mission and vision with individual expectations. The importance of role clarity, along with the clarifying of major responsibilities and corresponding performance expectations, will need to be emphasized in the training.

In the organizational feedback environment area, Palisades had a rating of "2." This showed that Palisades did not have a very strong feedback culture. Feedback that was given was not seen as particularly job-related, and the behaviors and results that are valued by the organization were not perceived as being reinforced by individual managers. In addition, the open-ended questions showed a perception by a large number of employees regarding concerns with favoritism and that ratings were inconsistent across managers. Rater error training will need to be a component of the training as well.

While Palisades Inc. did not have particularly good scores on the precursors of organizational alignment and organizational feedback environment, scores on formal individual growth opportunities were better. A score of "4" was obtained. This showed that there were many ways that employees could learn and develop skills within Palisades Inc. However, the one area that showed a need, based on responses from employees, was that little effort was spent on creating development plans. Thus, this is an area that only needs a little improvement.

On the organizational precursor of accountability, Palisades Inc. received a score of "3." This means that there is some accountability for organizational change, but it is inconsistent. In order to improve scores in this area, Palisades needs to make sure that managers are held responsible for organizationally relevant changes, or the lack thereof.

On the last organizational precursor, the compensation system, Palisades Inc. earned a score of "3." Palisades does increase pay for positive individual change, but inconsistently. Palisades Inc. needs to work on creating a stronger tie for pay-for-performance, and make this an incentive for organizationally valued change.

As can be seen from the OPS data that Palisades collected, implementing a new performance management process and emphasizing the needed training to go along with it will be critical to its success.

Training

Training will be conducted based on data collected from Assessment Point 1. The data will serve as a needs assessment, which will indicate what aspects of training should be emphasized. To ensure successful implementation of the performance management system, both employee and managerial training will be conducted. The training will include administrative as well as process training (Silverman, 1991).

The administrative aspect of the training session will include information about how the new system differs from the previous

one, how to fill out forms, and other tasks that will facilitate the implementation of the performance management system. Both the manager and the employee will have the same training about the performance management system, including the timeline for implementation of the process (see Figure 15.1).

Process training will include clarifying job responsibilities and expectations, diagnosing and coaching employee performance problems, and giving direction as to how to give effective feedback (Gregory, Levy, & Jeffers, 2008; London & Smither, 2002). The major responsibilities and performance expectations (Silverman & Wexley, 1986). Role clarity is especially important to ensure that employees have a clear understanding of what their jobs entail, which could lead to improved job performance (Whitaker, Dahling, & Levy, 2007). Both employees and managers can benefit from skill development training. Skill development will be based on current needs of the organization and individuals. These needs will be based on the organizational and individual precursor data. In addition, managerial training will be given to demonstrate how to conduct a developmental discussion and how to complete an overall performance review for their employees.

Rater error training will be conducted to reduce errors in the 360-degree process and in the performance review (Silverman & Wexley, 1986). Rater error training involves informing raters of the types of errors commonly made and using DVD scenarios that allow participants to make the errors themselves. The goal of rater error training is for raters to provide greater accuracy in their ratings. Ideally, subordinates would receive error training as well as managers, but often this is not feasible in organizations and only managers receive the training. Using performance dimension training along with practice ratings can increase rating accuracy (Hauenstein, 1998).

Assessment Point 2: Training Evaluation at the Reaction and Learning Levels

While data from Assessment Point 1 was used to help design the training process, the purpose of Assessment Point 2 is to evaluate the *reactions* of the managers and employees to the training

program content with regard to its usefulness on the job. Evaluation of training at the *learning* level is also necessary to ensure the trainees have developed the necessary skills to effectively implement the performance management process. The learning level is assessed by evaluating the quality of the major responsibilities and performance expectations that are created by the managers and employees during the training process.

Implementation of Performance Management System at the Individual Level

Individual major responsibilities are critical aspects of the job that must be done by the employee for departments to meet their goals and expectations (Silverman, 1991). The responsibilities are decided upon by both manager and subordinate. Some of the major responsibilities are inherent to the job and remain static; others, such as key projects, may change over time. The major responsibilities should be ranked from most important to least important.

There are two types of performance expectations in the performance management system that define effectiveness on each major responsibility. First, behavior-oriented performance expectations are created for each major responsibility. These behaviors must be observable and controllable. Meeting these expectations is critical for successful performance and aligns with those organizationally valued behaviors.

The second type of expectation, results-oriented performance expectations, should also be developed for each major responsibility. These standards are dependent upon employee actions and under employee control. Furthermore, standards need to be quantifiable and define effective performance for each major responsibility. These results-oriented expectations or standards help to align the individual with the mission and goals at the departmental as well as the organizational level. Every manager in the organization should be required to have a major responsibility, Managing Employee Performance and Development, along with a set of behavior and results-oriented performance expectations. The managers should be rated on the major responsibility (along with all others) to assure that, in this case,

the performance management program and policies are effectively implemented as they were designed.

To illustrate the performance management system at the individual level, two fictional employees, Michael and Anna, will be followed at various points throughout the process.

Michael

Michael has been a manager at Palisades for three years. He is a production manager and several of his major responsibilities include ensuring product quality, overseeing production, hiring and managing departmental employees, and budgeting. These major responsibilities are fairly static and will not change much from year to year. Michael also has some major responsibilities specific for the current year. One of these major responsibilities is to work with the research and development team to develop a new product.

Anna

Anna has been a marketing manager at Palisades for five years. Some of her major responsibilities include conducting market research, hiring and managing marketing staff, and developing successful marketing strategies. This year, Anna was asked to conduct surveys to identify new markets for Palisades Inc. The first three major responsibilities listed are static; they are essential tasks for her position. The survey project is a dynamic major responsibility; it is specific to that calendar year.

Michael and Anna would meet with their manager in December to clarify these major responsibilities as well as performance expectations.

360-Degree Feedback

Once the manager and employee have met to clarify the employee's role through major responsibilities and performance expectations, the employee participates in the 360-degree feedback process. The 360-degree instrument assesses areas for development from multiple rating sources including managers, direct reports, self, peers, and sometimes customers. It is important that employees know that this will be used only for developmental purposes and not for administrative purposes (London, 2001).

After employees are rated on these dimensions and data is compiled, a feedback report and a workbook will be given to each employee. The 360-degree feedback report will contain the results of ratings of each of the items on the 360 assessment from all sources, as well as a summary of overall ratings on each dimension. The 360 developmental workbook will give individuals a series of activities that will help them understand the feedback report and create a developmental action plan.

In addition to the workbook, a development guide will be provided with resources for developing skill dimensions. These resources are composed of activities and readings that individuals can do on their own to further their career goals.

Assessment Point 3: Individual Precursors, Time 1

Individual precursors will be measured twice during the performance management cycle: February 2010 (Assessment Point 3) and January 2011 (Assessment Point 6). Evaluation of individual precursors is important because it gives a manager an idea of a particular employee's receptiveness for feedback and change at a given point in time (Linderbaum & Levy, 2007). Each dimension will be assessed by several items rated on a 1 to 5 scale (see Table 15.2).

While the previous assessment points have been directed at the organization, at Assessment Point 3 the individual precursors are directed at the employee. These precursors include awareness, a sense of necessity, confronting change, willingness for feedback, and developmental orientation (Silverman, Pogson, & Cober, 2005). Manager ratings of these precursors indicate how ready an individual is to implement change in his or her actions and behaviors. Employees with higher ratings on these precursors are more likely to change and develop than those with lower scores on these precursors. Ratings of the individual precursors will be discussed with the employee during a developmental discussion with the manager.

Awareness

A score of a "1" on awareness indicates that the employee has little or no idea that his or her behaviors and actions need to change, while a score of "3" indicates that the individual is aware that some change is needed in certain areas. A score of "5" indicates that the individual is highly aware of the areas that he or she needs to improve.

Michael

In preparation for this discussion, Michael's manager completed the Individual Precursor Scale to help guide the developmental discussion. The score on Awareness, the first individual precursor, is very important, as it is the first step toward successful development and change. Without awareness, individuals cannot change because they don't know what to change. Michael, unfortunately, is perceived by his manager as not very aware of the need for change. He was rated a "2" by his manager on the individual precursor of awareness. As a result of this rating, Michael's manager knows that he must clearly emphasize those areas that need development and why they are important.

Anna

Anna, on the other hand, was rated a "4" on awareness. This indicates that she has a good idea of what behavior she needs to improve. This is very helpful because if an individual is aware of the need for changing his or her behavior, he or she is more motivated to change and develop.

Necessity

The second individual precursor, sense of necessity, indicates what sense of urgency the individual has regarding change in his or her behavior and confronting the problems head-on. A rating of a "1" on this dimension indicates that the individual has no desire to change his or her behavior. A rating of "3" on this precursor indicates that the individual does show some desire to change his or her behavior. Finally, a rating of "5" on the precursor of necessity indicates that the individual understands the importance of change in behavior and has a strong desire to do so.

On necessity, the second individual precursor, Michael scored a "1." This score is heavily influenced by his score on awareness. Because he is not aware of the changes to be made, he cannot really feel the need for change. As well as being aware of the need for behavior change, Anna also sees the importance of this change and what an impact it will make on Palisades Inc., as well as for her own personal growth. Anna was rated as a "4" on the individual precursor of necessity.

Confronting Change

The third individual precursor, confronting change, involves knowing what to do to change his or her behavior, as well as knowing what problem prompts this change. A score of a "1" on this precursor shows that the individual has demonstrated little understanding of the steps needed in order to change his or her behavior. A score of a "3" indicates that the individual shows some understanding of what steps to take to change his or her behavior. Finally, a score of a "5" on confronting change shows that the individual has a clear understanding of how to change his or her behavior.

On the precursor of confronting change, Michael scored a "1." He does not exhibit understanding of how to change. Again, this is not especially surprising, given Michael's low score on awareness. While Anna is aware of the importance of changing her behavior, she is not as adept at confronting change. On the third organizational precursor of confronting change Anna rated a "2." She has the desire to change, but she's not quite sure how to do so.

Willingness for Feedback

The fourth individual precursor, willingness for feedback, indicates how receptive an individual is to receiving both negative and positive feedback on his or her behavior and performance. A score of a "1" on this individual precursor indicates that the individual does not seem to be open or seems defensive when feedback is given. A score of a "3" on this dimension indicates that the individual appears to be open and emotionally prepared to receive feedback. A score of a "5" on willingness for feedback indicates that the individual has a strong desire for and is emotionally ready to receive candid feedback from others.

On the individual precursor, willingness for feedback, Michael scored a "2." He is receptive to feedback from others at times, but only if it is positive feedback. He becomes defensive whenever negative feedback is given, especially about an area in which he feels he is an expert. On willingness for feedback, Anna scored a "3." She welcomes feedback most of the time, but is more receptive from some people than others. Improvement in this area would be important for Anna's development as a manager.

Development Orientation

The fifth individual precursor, development orientation, indicates how much an individual wants to learn new things to further develop skills. A rating of a "1" on the precursor indicates that the individual does not seek out opportunities for individual growth. A rating of a "3" indicates that the individual will seek out opportunities for individual growth and development on occasion. Last, a rating of a "5" on development orientation shows that the individual has shown a strong desire for developmental activities and seeks these opportunities regularly.

For both Michael and Anna, it is important to remember that the organizational environment is an important contributor to the individual's ratings on the individual precursors. For

Michael received a "2" on this precursor. Because he is not very aware of his need to change, he does not seek opportunities for learning and development very often. On the other hand, Anna was rated a "3" on the individual precursor of development orientation. She has a strong drive to improve, but does not always seek out available opportunities. Furthermore, she tends to take advantage of these opportunities only if it is clear that engaging in them will lead to advancement in the company. She is not as concerned about her personal growth.

Looking at the example of Michael, you can see how important awareness is in evaluating readiness to change. In sum, Michael obtained below-average scores on all individual precursors, and one can see how the other four individual precursors are related to the low rating on awareness. Due to the unfavorable scores on these individual precursors, Michael will need a great deal of guidance to overcome his limitations and change his behavior.

In sum, Anna is aware of the need for behavior change and how important it is for her personally as well as the organization. However, she could have a better idea of how to actually change, that is, what she needs to do. She is fairly receptive to feedback and reaches out for some development opportunities, but she could improve on both of these dimensions. Thus, the focus of her development plan should be on the steps she needs to take to change.

example, if the organization does not have a culture conducive to feedback seeking, this could affect an employee's rating on the individual precursor of willingness for feedback. Organizational precursors can limit scores on individual precursors.

It is important to note that improvement on individual precursors can be affected by the state of the organization's organizational precursors. For example, few individuals will be likely to seek feedback if they are not encouraged to do so. Also, if regular feedback is not given, individuals will be less likely to seek it. Thus, it is imperative to look at the performance management system as a whole, not just its parts. All of the parts of the performance

management system are related, and a poor component of one part of the system can be detrimental to other areas.

Developmental Discussion and Creation of Individual Development Plans (IDPs)

The manager and employee should then conduct a development discussion to create an individual development plan based on the 360-degree feedback process. During the meeting with the manager, it is time to discuss the feedback report from the process and to consider both future career goals and enhancing performance on the responsibilities for the employee's current position.

The individual development plan involves identifying developmental opportunities for current major responsibilities and future career growth. These opportunities can go beyond the employee's current position in the organization. Rather, this plan can also further the employee's personal career path, the protean career.

In the protean career perspective, the emphasis is on obtaining skills that would be useful for the life of one's career as well as for self-fulfillment (Hall & Moss, 1998). The protean career contract (adapted from Hall & Moss, 1998, p. 26) is as follows:

1. Career is managed more by the employee.
2. A career is a lifelong series of experiences, skills, learning, and transitions.
3. Development is continuous learning, self-directed, relational, and found in work challenges.
4. Development is not (necessarily) formal training, retraining, or upward mobility.
5. The organization provides challenging assignments, developmental relationships, information, and other developmental resources.
6. The goal is psychological success and increased job performance.

Assessment Point 4: Evaluation at Individual and Department Levels

The purpose of Assessment Point 4 is to conduct individual reviews that serve as formal performance reviews and evaluate departmental performance. These reviews will be used for administrative purposes, such as for promotions and merit raises.

Individual performance reviews will be conducted once a year. Palisades Inc. will conduct individual and departmental evaluations in December 2010. For the individual evaluations, each major responsibility will be rated on a 1 to 5 scale, with "3" being "meets expectations." Recall that behavioral and results-oriented performance expectations were agreed on for each major responsibility at the beginning of the year. This review will assess whether an employee has exceeded, met, or not met expectations on each of his or her major responsibilities.

The departmental evaluation will also take place in December 2010. The review will be conducted by the department manager, who will examine and document attainment of departmental goals that were set at the beginning of the year. If the goals and benchmarks from the previous year have not been met, the ratings on the departmental evaluation will be low. Numerous data sources could give some insight into why benchmarks were not being met. For example, if the performance goal that Palisades set earlier in the year is not met, precursor data and 360-degree evaluations could provide some information explaining why the goal was not met. Are individuals improving? If so, departmental performance should increase in the following year. In sum, the many sources of information collected will make it easier to target the specific problem and fine-tune that element of the performance management system, instead of overhauling the entire system.

Assessment Point 5: Organizational Precursors, Time 2

As you recall, organizational precursor data was collected before implementing the current performance management system. Now that the performance management system is in place, organizational precursors are measured again, to identify changes that have occurred along with the new system.

Palisades Case

The organizational precursors of organizational alignment and feedback environment went from "2" and "3," respectively, to a score of "4." Thus, along with the implementation of the performance management system, Palisades employees saw more alignment between the organizational level and the individual level. Thus, these two precursors showed marked improvement.

Great improvement was made in the area of formal individual growth opportunities. While the organization was initially rated as a "2," it is now rated as a "4." Palisades has made great strides in making developmental opportunities available to employees. Since the feedback environment was enhanced by requiring all employees to have individual development plans, it facilitated growth and development by emphasizing these developmental opportunities based on feedback from Assessment Point 1. Thus, Palisades Inc. developed programs to help improve employee performance and encourage personal and career growth.

Another improvement made was to accountability. Managers were trained to be consistent in implementing the performance management system and making sure that consequences exist for employee behaviors, whether their behaviors were beneficial to the organization or detrimental. Making accountability a critical major responsibility of all managers helped to increase the rating from a "3" to a "4."

A pay-for-performance system was implemented and linked to valued behaviors and results of employees. On the first evaluation, there was some evidence that behaviors that led to positive outcomes were rewarded financially, but these rewards were inconsistent. Thus, many employees felt that their efforts did not lead to financial gain. To remedy this, Palisades Inc. implemented a new pay system, one in which behaviors and results leading to positive outcomes are financially rewarded. As there is now a detailed pay-for-performance system in place, Palisades' score on the organizational precursor of compensation system increased to a "4."

Assessment Point 6: Individual Precursors, Time 2

At Assessment Point 6, ratings will be made on the same five individual precursors collected at Time 1. After these ratings are made, both sets of ratings will be compared. The results of these comparisons will be used to determine how much an employee has improved or changed in that year.

Michael's Individual Precursor Ratings at Time 2

After his manager completed the individual precursor questionnaire for the second time, Michael's awareness score improved from a "2" to a "4." This is a very important improvement, as now the focus of Michael's development can be on actual changes instead of being merely aware of the necessary changes.

Along with awareness, Michael's score on necessity improved from a "2" to a "4." Not only is Michael now aware of the needed changes, but he feels that they are necessary for his progress. Similarly, on confronting change, Michael scored a "3," which is an improvement from the "1" he received on the first assessment of individual precursors. He still does not know exactly what he needs to do at all times to change his behavior, but he now recognizes what these steps are in some areas.

Willingness for feedback improved to a "3." Because of his continual focus on the individual development plan, Michael takes feedback much better than before. Receiving negative feedback is still a little difficult for him, but he has been able to use it constructively at times. This area needs continued work, but Michael has made the first steps in personal development. On the final precursor, developmental orientation, Michael was rated a "3." Due to greater awareness of his weaknesses, he has been able begin to take part in some developmental activities to further personal growth.

(Continued)

Overall, Michael showed a great deal of improvement between Time 1 and Time 2 when the individual precursors were assessed. This is likely due to the new performance management system that has a strong focus on development. Ultimately, Michael and his manager must look for the connection between his development plan and his job performance. Because Palisades has had improvement in its organizational precursors, it is more likely that individuals will learn and develop.

Anna's Individual Precursor Ratings at Time 2

Anna's awareness score remained a "4." Because her score on this individual precursor was good to begin with, developing this skill was not the focus of her development. Likewise, her score on necessity remained a "4."

Great improvement was made on the precursor of confronting change. Initially, Anna was rated a "2" in this area. She was aware of the changes she needed to make, but did not know the steps she needed to take to do so. Anna's rating has improved to a "4." Because of her individual development plan, she now has some action steps in place for her to make these changes.

On the willingness for feedback dimension, Anna was rated a "4." This is an improvement from the "3" she was rated last time. While she had been fairly good about receiving feedback before, Anna was more willing to receive and accept negative feedback.

On the individual precursor of development orientation, Anna has improved greatly, from a "3" to a "5." Specifically, she has learned that her personal growth is just as important as her advancement at Palisades. Working with the protean career contract helped her gain a learning-oriented focus, as opposed to only a performance-oriented focus.

Determine Changes to Be Made in 2011 Performance Management Process

The performance management system is not going to be exactly the same from year to year. The format will remain the same, but some of the goals of the organization and individual major responsibilities will change.

These changes are essential for development of both the organization as well as the individual. As the organization plans for what needs to be accomplished in the next year, similarly, employees meet with their managers to determine their job responsibilities and performance expectations for 2011. And so the process begins again.

Conclusion

In order to maximize the successful implementation of the performance management system described in this chapter, there needs to be support at the very top of the organization. The most effective means to maximize buy-in at the top is when senior management effectively models the process. In addition, successful implementation is enhanced when the following occurs:

- Managers and employees are held accountable for their aspects of the implementation process.
- The assessment points are seen as a critical part of building an organization with a learning and development culture.
- Role clarity is taken very seriously in order to align each individual's role and performance expectations with the organizational and team mission, values, and strategy.

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CHAPTER 16

PERFORMANCE MANAGEMENT OF THE FUTURE

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Successful performance management programs in the workplace of the future will depend on a number of components. Minimally, the characteristics of jobs, the contextual demands of the organization, and the attributes of the people who fill the jobs will define what performance management processes are required and which are effective. However, many factors shape jobs, people, and the workplace. For example, global competition, natural resources, historical precedents, labor supplies, and economic forces determine what jobs exist in what locations. Education, family, and the culture in which workers live can influence their values and shape their job choices.

The purpose of this chapter is to review the current trends that are likely to affect performance management programs of the future. We begin by first reviewing these general trends from a broad perspective. We will then discuss the effects these trends may have on performance management programs and the ways performance management programs will need to be adapted to remain effective. In Table 16.1, we have summarized the notable changes in worker attitudes and workplace requirements, the main effects these changes have on the performance of work, and the primary implications they have for performance management systems.