

## Fueling performance of millennials and generation Z

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There is nothing new about organizations assessing the performance of employees, as the performance management systems are considered to be means and ways of measuring productivity. Performance management has taken various forms, reinventing and readjusting, to meet the needs of the employees and the organization as a whole. Starting from the traditional confidential reports method that was largely used in public sectors to the most sought-after bell curve approach; it had undergone structural changes in measuring employee's performance. Organizations are constantly searching for better ways to appraise performance of employees and realized that the current processes of evaluating performance are increasingly out of step (Buckingham and Goodall, 2015). However, there is a paradigm shift since the past few years in the way employee's performance is measured, forcing the organizations to reevaluate their current models, and as a result, the focus has been shifted from a mere evaluation of the performance to managing the performance. This trend is particularly seen in knowledge-intensive industries such as information technology and business process management industries. Organizations such as Microsoft, Accenture, Deloitte, KPMG, Infosys, TCS, Wipro and IBM have moved away from the traditional evaluation, while other organizations are still evaluating models that suit the

size and scale of the businesses. This paper attempts to provide features of a new performance management, keeping in view of the new millennials and the new cohort group "Generation Z" that began to join the workforce recently.

### Instant feedback

Majority of the current workforce are millennials, who are born between 1980s and early 1990s. Millennials are outgoing, assertive and team up quickly (Howe and Strauss, 1992; Chillakuri and Mogili, 2018). These cohort groups prefer frequent, instant and more feedback. Millennials have less patience and thus hesitate to wait until the year end to know about their performance. Current performance methods evaluate the performance annually or bi-annually in some organizations and so is the communication to the individuals. As millennials prefer frequent and instant feedback, it is likely that they do not agree with their managers in case of a negative feedback. While the research on millennials continues, researchers are confronted with another cohort – *Generation Z* – who are born after 1995. These cohorts are students, who have just started to join the workforce. Researchers admit that very little is known about them; they are considered as early starters, technogeeks, entrepreneurial and multi-taskers (Chillakuri and Mahanandia, 2018). Like millennials, they are engaging and prefer

immediate feedback, and thus the new performance systems should provide more and frequent feedback than to wait until the year end. For instance, reinvented performance management of Deloitte has features such as frequent check-ins and coaching conversations between the team leader and the team member. These conversations allow team leaders to understand the current work and set expectations for the next week, comment on the current work and provide course corrections if necessary (Buckingham and Goodall, 2015).

### Forced distribution method

Bell curve method of performance appraisal, also known as forced distribution method, is the most sought-after approach until recently. Bell curve represents a normal distribution curve where the managers are forced to fit the employees in the bell curve. Employee's performance is rated at the end of the year, wherein their performance is grouped in to excellent, very good, average, below average and poor. In ideal scenarios, 10 per cent of the employees are marked excellent, 20 per cent are marked very good, 40 per cent as good, 20 per cent as average and the remaining 10 per cent as poor. It is not necessary that the 10 per cent of the employees are low performers, but managers are forced to mark certain performances as poor to fit into the normal distribution curve, and as a result, there is a deviation between the actual performance and the marked performance. Though this method has been well received across the industries, it is not free from the criticism because of its inability to accurately reflect the performance of the employee. Further, forced distribution method in the organizations create fear and turns employees against one another. Employees marked as poor performers who are terminated may

not be actually the low performers, and there is no guarantee that the new employees who replace them would perform better than these employees. The new models instead of terminating people should focus on futuristic goals, invest in employees and help them accomplish those goals.

### Stacked ranking

The current performance methods are characterized by rankings and perhaps stack ranking. The individual's rating is based on how the individual is presented and not on what the individual's actual contribution is. Studies on performance management also revealed that the stack ranking is something that employees are not comfortable with and thus looked at new evaluation method that does not stack rank but evaluates the employee on a continuous basis based on their role. Microsoft was the first organization to eliminate the stack ranking when an employee's complaint about the quantitative performance ranking became public (Nisen, 2013). One of the key qualities of the millennials is that they do not like to be compared with other individuals, and hence, it is important to weigh the absolute performance and not the relative performance of the individual. Moreover, it is unfair to compare individuals at the same level working in different engagements, as each engagement differs in complexity, knowledge and level of uniqueness. The generation of millennials is achievement-oriented, but they do not like to be compared with peers, as they are unique in the approach, skills and abilities.

### Transparency

Millennials believe in engaging discussions, open communication and being transparent. Research studies on millennials indicate that this cohort enjoys working with managers and likes to be as informed as

possible. At the same time, they like being transparent and expect their managers to be transparent. As such, they do not shy away from their responsibilities and like to know what is working and what is not working on a periodic basis rather than waiting for the year end to know that their performance is substandard. The new models of performance management developed by IBM, Infosys and Deloitte call for frequent interactions between the manager and the team member. IBM calls it as *Checkpoint*, while Infosys named it as *iCount* (Shrivastava and Rajesh, 2017) and Deloitte's *reinventing performance management* termed it as *Check-in* (Buckingham and Goodall, 2015). These frequent touchpoints are short conversations with the managers that help the individuals to discuss their progress and roadblocks. At the same time, it would also give managers an opportunity to update the individual about any upcoming tasks. New millennials believe in openness and realism, and hence, any efforts toward transparency in the systems will be received positively.

### Future oriented

The focus of both the traditional and the modern methods of performance appraisal was on evaluating the past performance of the individual. IBM, Infosys, Deloitte, etc. have scrapped the bell curve approach and developed a new performance management that is future focused than merely assessing the past performance, simultaneously focusing on the positive development of the people. Frequent and instant conversations are future-oriented, and the discussions are centered around "what the individual will do" than "what the individual did." The new performance methods are designed as career-oriented, fueling the future performance of the individual. While it is the individuals who own their career, there is equal responsibility for the managers to help the individual in

coaching and developing the individual in meeting their career aspirations. It is important for the managers to identify the strengths of the individual and provide opportunities to play to their strengths. Regular coaching and development conversations are key aspects of this change that would fuel the future performance of individuals. The fact that these cohort generations are young and new in the jobs, the responsibility to manage their performance, coach and handhold lies with the immediate supervisor. It is essential for that the leaders to invest in team member's careers, focusing on fueling performance in the future than merely assessing the past performance.

## Conclusion

Successful organizations provide a congenial environment for employees to contribute and grow in the organizations. Literature evidence that it is the people, who provide the source of sustainable competitive advantage and hence, need to invest in them through proper coaching and guidance. With the millennials and the Generation Z entering the workforce, it is binding on the organizations to reassess their current models to suit the needs and demands of these

cohorts. Some of the large IT service organizations have already moved away from the bell curve approach and are working on their own models; smaller organizations are still testing the waters to see what it takes to fuel the performance of the employees. Every organization will have high performers, low performers and average performers, and hence, organizations should realize that *one size does not fit everyone*, and thus personal coaching, immediate supervisor's investment in the team members, ongoing consultation and frequent and real-time feedback assumes significance.

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## Further reading

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