

# Strategic commentary

## Mind the Gap: what HR wants from performance management – and why they struggle to get it

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When we set out to write our [UK Performance Management Report](#), we found the most fruitful ground for debate in the gaps between HR perception, manager perception and employee perception.

It is no great surprise, really. Everyone has their own take on performance management, just as they do on learning or any other HR function. HR has an aim for a process or initiative, but the wider organisation has their own ideas. Who does it work for? Who does it serve?

When we asked HR leaders what purpose performance management served at their organisation, the numbers covered a fairly broad range. The number one factor was “developing performance”, with 39 per cent of the vote, but then (in quick succession) came succession planning (26.3 per cent), pay and ratings (18.3 per cent) and ranking employees (15.3 per cent). If we are being honest, those latter three options serve HR and HR’s role within the organisation. I suppose you could argue that pay and succession favours some employees, but only if they succeed under the terms of the system. They are there for it, rather than it being there for them.

But when we ask what performance management *should* be doing, well

over half (52.7 per cent) agree that it should be about developing people. This change comes largely at the expense of ranking employees (only 2.7 per cent say that this should be its purpose). Putting people into (metaphorical) boxes and introducing forced distribution to cater for an impersonal and process-led system, is now being seen for what it is: a century-old relic that businesses use as an alternative to investing effort and time in improving their employees.

This aspiration on the part of HR to do the right thing, so to speak, chimes very much with our experience in meetings. In the three years we have been speaking to potential customers, extolling the virtues of a system that carries people along with it and aims to improve their working lives, almost every HR leader we meet has a clear understanding of the benefits of continuous performance management. And it is that understanding – that aspiration to take a more future-focussed approach – that almost certainly sits behind a couple of other stats. 70.7 per cent are still using annual appraisals, even if more than half of those are on the lookout for a more continuous way of doing things. And then there is a real line in the sand: 92.3 per cent say that “performance management is a critical area that I

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need to address in the next 12-18 months”.

“Developing performance” is a fine aspiration. But what steps do we need to take to make sure that it happens? HR leaders have an answer for that too. They want more feedback within the organisation. They want managers to meet their team members more often. They understand that this cannot happen on its own: that people need a framework, prompted by technology, to make it a regular thing. That is a big barrier because almost exactly two-thirds (67 per cent) are still looking for the right technological tool or have one that is not working for them.

Behavioural change is challenging. Professor BJ Fogg, who set up the Behaviour Design Lab at Stanford University, identified three factors essential for creating lasting behaviour change. Ability and motivation are the human factors – the capability and will to change – but without a framework, the change will not happen. There is nothing complex about any of this: virtually every electronic tool we use, from phones to fitbits, has a reminder function. We need prompts to turn regular feedback and check-ins from the exception to the norm.

But the last ingredient is the one that HR is most concerned about. How can managers fit this all in?

A persistent topic of conversation in the performance management space is the quality of data. This stems from wider concerns about the way people complete the annual appraisal: it is complicated, admin-heavy and prompts an air of long-suffering compliance from the people who should benefit from it. When people do things because they have to, and because they do not see the value, you are left with information that is cursory at best. At worst, it is actually misleading.

This long-winded process already eats into the precious time of the people it is supposed to help. You can see why some HR people might be reluctant to suggest doing this quarterly, or monthly or more often.

Except, of course, that they do not have to. That bad technology we mentioned—the 67 per cent looking for the right tool – is the problem. The right solution sloughs off the trappings of paperwork and complexity and streamlines performance to future-focussed conversations based around simple questions, clear goal-setting and

honest, real-time feedback. Those open conversations offer genuine development: yes, you still need to allocate pay and bonuses, but with real clarity on how everyone is performing based on regular one-to-ones, those decisions become far simpler. Finally, and most importantly, there is no more forced distribution because the principles work at an individual level. Everyone gets their chance to grow. Managers get line of sight on who is overperforming and who needs support.

If performance management is an imposed process, we should not be surprised that people resent it. It comes straight from the school of thought that brought you “Eat your greens”: joyless inescapable rules where the answer to the question “Why are we doing this?” is always “Because it’s good for you”. Let us stop telling everyone that this is for their benefit and start doing something that truly makes their lives better. We know that HR people have the right intentions: both our polls and our experience in meetings bear this out. Let us show managers and employees that they are the focus. Once we have persuaded them of that, the rest – well, most of the rest – is up to them.