



Benchmarking Report 2008 Performance Management



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IPMA-HR 2008 Benchmarking Survey Performance Management

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Performance Management

In 2003, the Government Accountability Office (GAO) issued a report stating, “[h]igh performing organizations have found that to successfully transform themselves, they must often fundamentally change their cultures so that they are more results-oriented, customer-focused, and collaborative in nature. To foster such cultures, these organizations recognize that *an effective performance management system* can be a strategic tool to drive internal change and achieve desired results.”¹

There has been increasing focus on the area of performance management since that time and performance management continues to be an area of struggle for many federal, state, and local governments – indeed for all employers. More than half of the survey respondents reported that poor performers are currently harming morale in their organization.

More than simply addressing the issue of poor performers, however, a performance management system should also encourage top performers to reach new heights and all employees to achieve their potential. “With the current economic challenges and reduced resources, organizations need to focus on improving their performance. Organizations globally continue to struggle with their performance management systems,” said Neil E. Reichenberg, Executive Director, IPMA-HR.

“If done well,” continued Reichenberg, “performance management can assist in communicating organizational goals and employee expectations, identifying developmental and training needs, and assisting with the retention of good employees.”

In the report referenced above, the GAO identified a set of nine key practices for effective performance management that provides a “line of sight” between individual performance and organization success. GAO said these practices are found in public sector organizations in the United States and abroad.

Those practices include:

- Aligning individual performance expectations with organizational goals
- Connecting performance expectations to crosscutting goals (by emphasizing teamwork and collaboration)
- Providing and routinely using performance information to track organizational priorities
- Requiring follow-up actions to address organizational priorities
- Using competencies to provide a fuller assessment of performance
- Linking pay to individual and organizational performance

¹ *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, [GAO-03-488](#), March 14, 2003

- Making meaningful distinctions in performance
- Involving employees and stakeholders to gain ownership of performance management systems
- Maintaining continuity during transitions

More than 600 human resources professionals representing millions of public employees responded to the *IPMA-HR Benchmarking Survey on Performance Management*. And many of the above identified factors were addressed. For instance, 57 percent of respondents indicated that they align individual to organizational goals. Forty percent of respondents said team performance is assessed as well as individual performance and 47 percent of respondents said they utilize core competencies.

The GAO report also identifies linking pay to performance and making meaningful distinctions in performance as important. Again the survey addressed these topics finding that linking pay to performance is common and only 28 percent of respondents said they do not do it. In terms of meaningful distinctions, of those who do link pay to performance the majority – 58 percent – said that those who demonstrate top performance receive a higher raise/bonus than those who demonstrate average performance.

In terms of the success of a performance appraisal system, one thing is clear. Respondents who do more than simply conduct annual performance reviews feel their systems are more successful than those who do not. This result appeared across the board.

Respondents were asked to rate their system as very successful, somewhat successful, not very successful or unsuccessful in five categories:

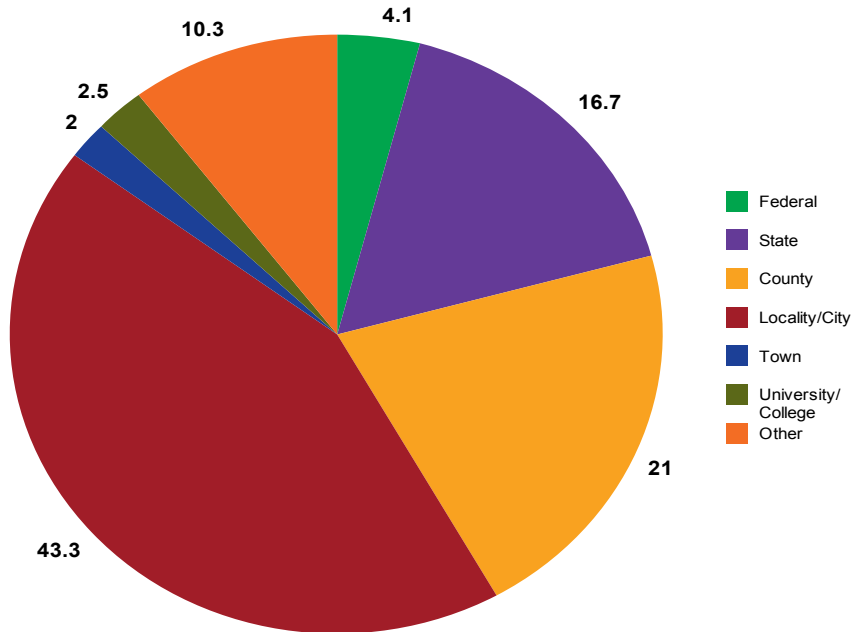
- Communicating expectations for performance/conduct
- Identifying developmental and training needs
- Identifying and addressing poor performers
- Aligning work efforts and resources with goals
- Retaining good employees

The survey showed that respondents felt performing any of the following made their system more effective:

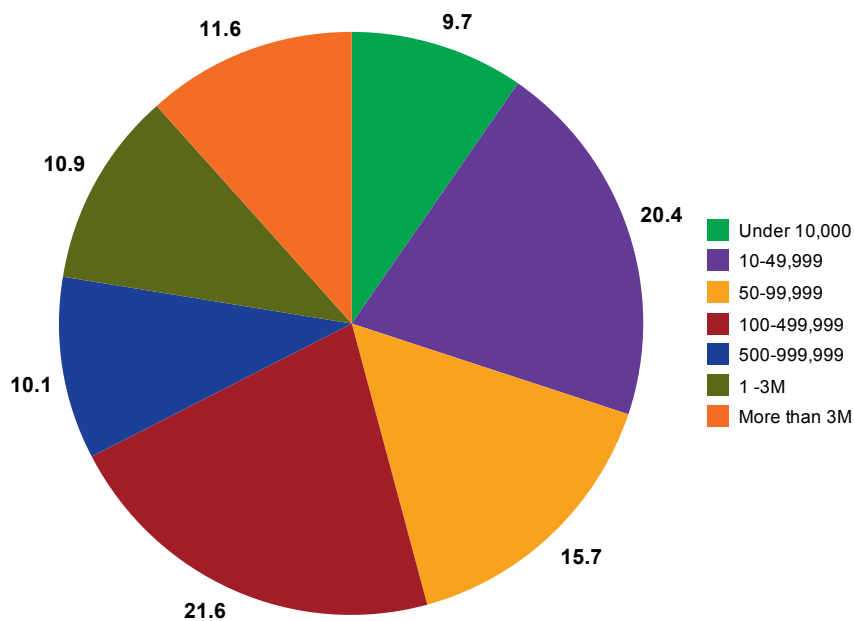
1. Aligning individual goals to organizational goals
2. Including core competencies
3. Addressing team as well as individual performance
4. Linking unit/department performance to the employee's performance evaluation
5. Having employees provide input into the performance appraisal process
6. Providing training to employees on conducting performance appraisals
7. Conducting performance reviews more frequently than two times per year

Background

Six-hundred nineteen respondents took the performance management survey. Most participants were from local municipalities/cities (43.3%), counties (21%), and states (16.7%).



In terms of size of the population served by the jurisdiction, most respondents were from medium sized jurisdictions – those with populations between 100,000 and 499,999.



Strategy& Design

Survey respondents answered several questions about the design of their performance management system.

Aligning Individual Goals with Organizational Goals

As noted above, 57 percent of respondents said that their performance appraisal system aligns individual goals to organizational goals. When broken down by type of government, the federal government respondents were the most likely to align individual with organizational goals (79%) followed by state governments (66%) and cities, local municipalities and county governments (51%).

Core Competencies

Responses were about equally split when it came to including core competencies with 47 percent indicating that employees are required to demonstrate that they meet a set of well-defined competencies as part of the formal process and 48 percent saying employees are not. The remainder said “don’t know.”

When broken down by type of government, county governments were slightly more likely than the other forms of government to utilize core competencies with 52 percent of county respondents indicating that they do compared to 46 percent of state government respondents, 44 percent of localities/city governments and 42 percent of federal government respondents.

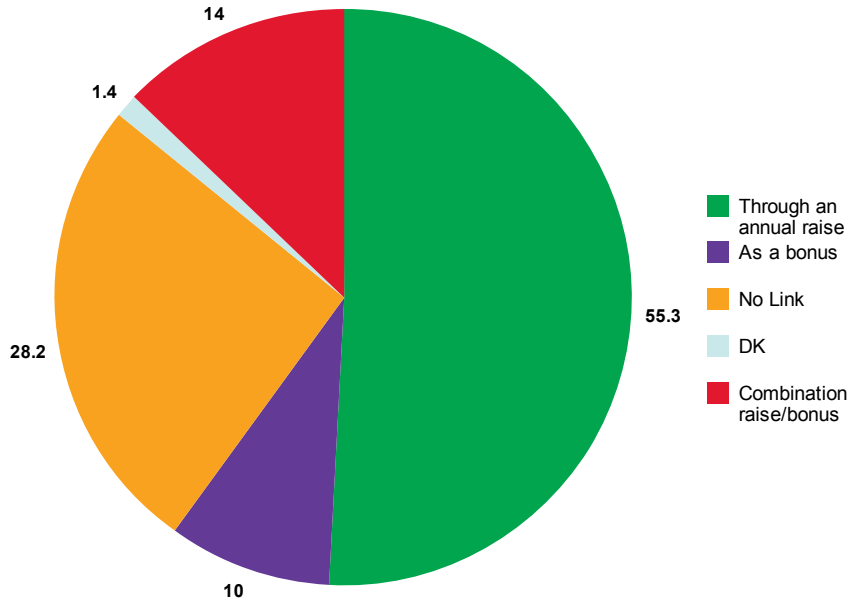
Team Performance

Forty percent of respondents said that team performance is addressed as well as individual performance. And this practice is more common in the federal sector than in others with 63 percent of federal respondents indicating that they address team performance and only 42 percent of local municipalities/city respondents, 37 percent of states and 31 percent of county respondents indicating that they assess team performance.

Only thirty percent of respondents said that the organization assesses department (or unit) performance and of those 20 percent said that the department/unit’s performance affects the employee’s performance evaluation.

Pay for Performance

Pay for performance is fairly common with only 30 percent of respondents indicating they do not link the two.



Fifty-five percent said that pay is linked to performance through the annual raise, 10 percent as a bonus and 14 percent said as a combination of a raise and bonus.

For those that link pay to performance 58 percent said that top performers receive a higher raise/bonus than those who demonstrate average performance and 37 percent said that they do not. The remainder said, “don’t know.”

Linking pay to performance is more common in the federal sector than in others with only 9 percent of federal respondents saying they do not link pay to performance compared with the almost 40 percent of state government respondents who said they do not, and the almost 30 percent of county government respondents and the quarter of city government respondents who said they do not link pay to performance.

Electronic Tools Not Commonly Used for Performance

Just over a quarter of respondents indicated that their organization uses an electronic (web or other technology) performance management tool. Nearly 8 percent plan to implement such a tool in the coming year and an additional 32 percent said they plan to implement such a tool in the future but more than one year out.

The electronic tools are most likely to be a stand-alone system (48%) rather than part of a larger enterprise resource planning system (26%) but a large number of respondents did not have enough information to answer the question (26%). The electronic tool is

slightly more likely to be purchased from a third party such as SAP or PeopleSoft (54%) rather than created in-house (46%).

Implementation

Annual Performance Reviews Common

Most respondents indicate that they still keep performance reviews and discussions to once per year. Sixty-four percent of respondents indicated that supervisors/managers meet annually with employees to discuss performance while 24 percent said twice per year. More frequent meetings are rare with 4 percent indicating three times per year and 7 percent indicating four times per year. Only one percent meet more frequently than four times per year.

Employers and human resource professionals might consider changing their system to allow for more frequent communication because respondents across the board indicated that their systems were more effective when communication was more frequent. A significant improvement appears to occur when the frequency is more than two times per year. Not surprisingly, meeting more frequently has a positive impact on communicating expectations for performance and conduct with 100 percent of respondents indicating a positive impact when they met three times per year or more than four times per year.

A similarly positive outcome was found in terms of identifying developmental and training needs with 100 percent of respondents indicating a positive impact when meeting more than four times per year. In addressing poor performance, 100 percent of respondents who met either three times per year or more than four times per year reported a positive impact.

In aligning work efforts and resources with goals, again 100 percent of respondents who meet more than four times per year said there was a positive impact. In terms of retaining good employees the relationship was a little less clear with 75 percent of respondents who meet more than four times per year indicating a positive impact, 91 percent of respondents who meet four times per year and 73 percent who meet three times per year reporting a positive impact.

Pay increases are provided slightly more frequently on the employee's anniversary date - 53 percent- than on a calendar basis - 47 percent.

Employee Input

In two-thirds of the cases employees provide input to the performance appraisal process through a self-evaluation or some formal process and just under a third (29%) said that other individuals such as co-workers, subordinates and/or clients provide input into the performance appraisal process.

Respondents whose systems do provide for employee input report a more successful system in the five areas outlined below:

Q. Does the employee provide input to the performance appraisal process through a self-evaluation or some formal process?	Yes (respondents indicating system somewhat or very successful)	No (respondents indicating system somewhat or very successful)
Communicating expectations for performance/conduct	92%	78%
Identifying developmental and training needs	85%	68%
Identifying and addressing poor performance	82%	77%
Aligning work efforts and resources with goals	86%	51%
Retaining good employees	79%	69%

Training

Training of supervisors and managers on conducting performance appraisals is common, with 80 percent of respondents saying they do train managers/supervisors. Less common however is training employees –only one third of respondents indicated that their organization provides training to employees.

Training employees as well as supervisors on the system has a positive impact with 50 percent of respondents indicating that their system is very effective at communicating expectations for performance/conduct; compared to the 25 percent of respondents rating their system very effective in this category who do not provide training to employees.

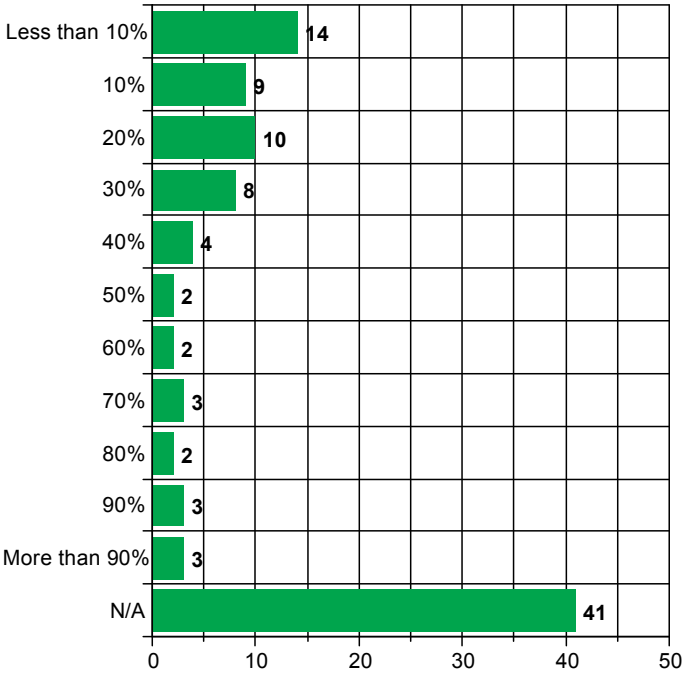
Training employees also has a positive impact on identifying training and developmental needs, addressing poor performance, aligning work efforts and resources with goals and in retaining good employees.

Q. Does your organization provide training to employees on performance appraisals?	Yes (respondents indicating system somewhat or very successful)	No (respondents indicating system somewhat or very successful)
Communicating expectations for performance/conduct	96%	83%
Identifying developmental and training needs	87%	74%
Identifying and addressing poor performance	87%	77%
Aligning work efforts and resources with goals	88%	56%
Retaining good employees	85%	71%

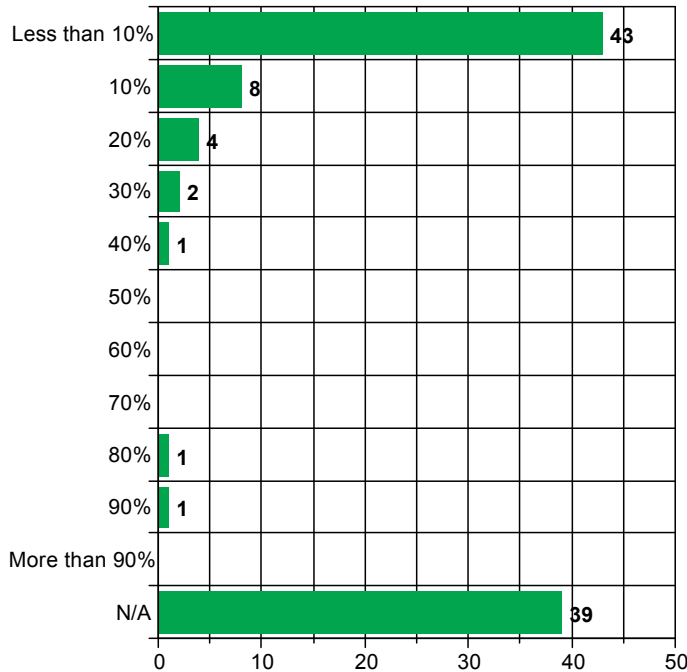
Number of Rating Levels

About 30 percent of respondents said their performance appraisal system uses five levels, with 20 percent saying four levels, 22 percent said three levels, 18 percent said two and 9 percent said more than five.

When asked about what percentage of employees is in the top level of the performance appraisal system, respondents indicated the following:



Similarly when asked about what percentage of employees are in the bottom level of the performance appraisal system respondents indicated the following:



*Percentages do not add up to 100% due to rounding

Individual Development Plans

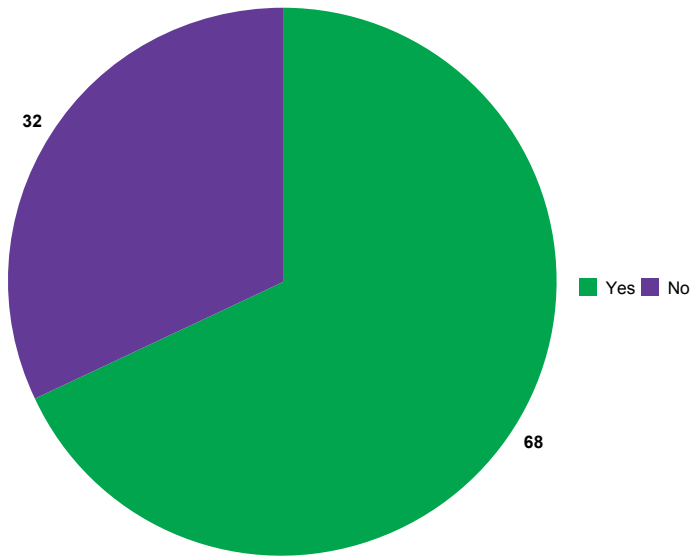
Forty-three percent of respondents indicate that they do not create individual development plans. Of the 57 percent that do create individual development plans, the most common reason for creating them is to develop needed competencies for the position (51%), to develop a well-rounded individual (37%), to capitalize on the individual's ability to learn to be competent (9%) and finally to discover the individual's unique talents (3%).

Other Elements of Performance Appraisal Systems

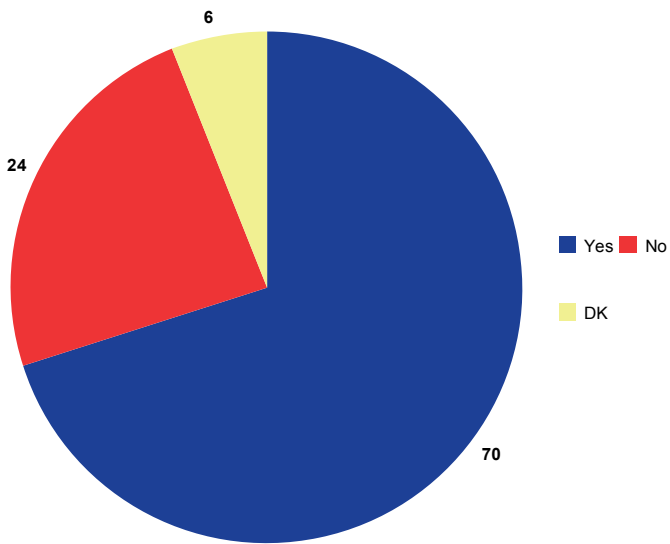
A quarter of respondents indicated that they use separate appraisal forms for trial (probationary) employees. In about two-thirds of the cases the results of a performance appraisal can be appealed.

Respondents were also asked two questions about the structure of the appraisal itself:

Does the appraisal system require that elements and standards include credible measures of performance that are observable, measurable and/or demonstrable?

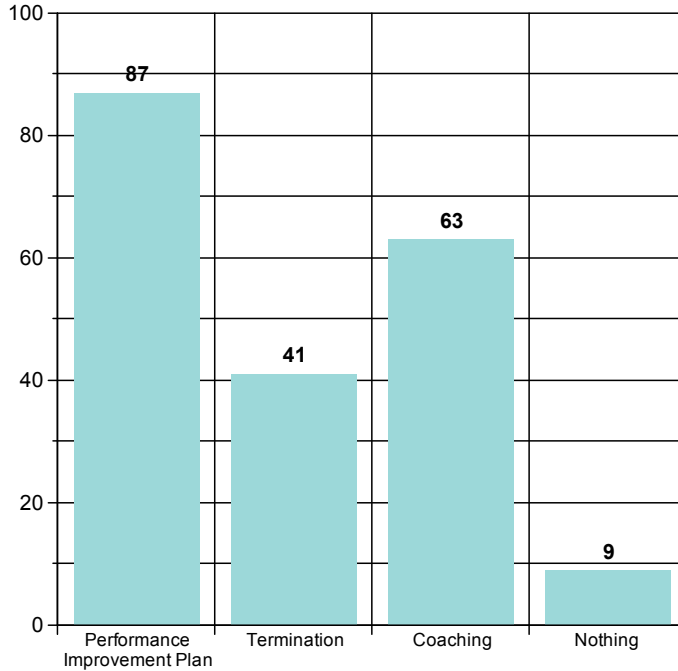


Does the performance appraisal include at least one element that holds the employee accountable for achieving results?

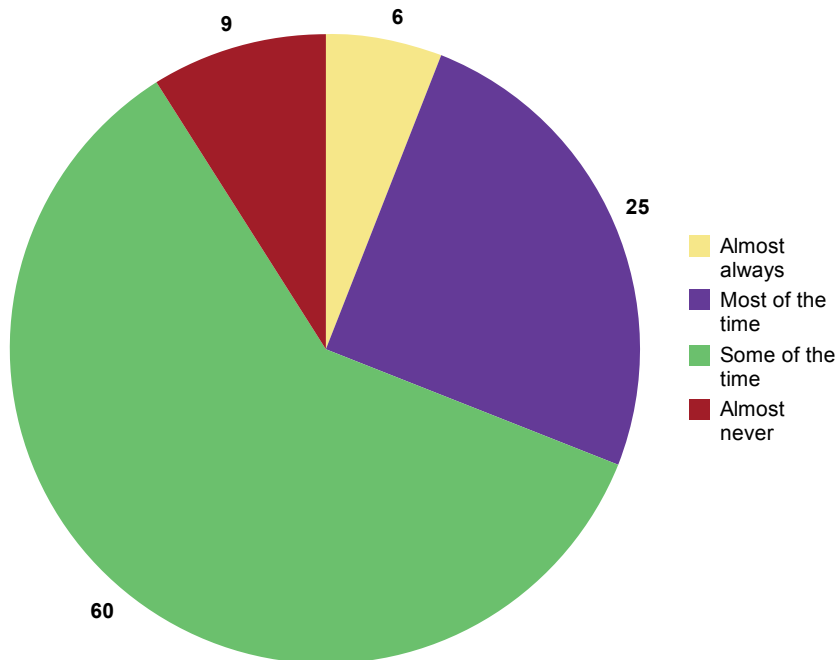


Addressing the problem of poor performance

What outcomes are in place for those who are at the bottom level(s) of the performance appraisal system? Note that the percentages add up to more than 100 because respondents were asked to check all that apply.



How often do poor performers recover and become productive employees?



Most respondents (51%) said that their organizations are effective in handling poor performers some of the time, while 35 percent said “most of the time.” At the extremes, six percent said “almost always” and 8 percent said “almost never.”

Remarkably, slightly more than half of respondents, 52 percent, said that poor performers are currently harming morale in their organization while 21 percent said that they are not. The remaining 27 percent said “don’t know.”

Measurement

Measuring the success of a performance appraisal system is not very common. Only 27 percent of respondents said that they do so while 60 percent said they do not. An additional 13 percent said they did not know if their organization measured the results of the performance appraisal system.

In a follow-up question asking respondents how they measure the success of their appraisal system 162 individuals responded, and the most common response was by using employee feedback or surveys – 71 percent. Fifty-six percent of the respondents said using turnover statistics, 52 percent said by looking at productivity and outcomes and 49 percent by looking at retention statistics. The percentages add up to more than 100 percent because respondents were asked to check all applicable responses.

Respondents were also asked how successful their appraisal system is in five areas.

How successful is your appraisal system at the following?

	Very	Somewhat	Not very	Unsuccessful	N/A
Communicating expectations for performance/conduct	32.8% (172)	52.1% (273)	9.7% (51)	2.7% (14)	2.7% (14)
Identifying developmental and training needs	19.4% (102)	56.8% (298)	16.6% (87)	4.8% (25)	2.5% (13)
Identifying and addressing poor performance	26.3% (138)	52.1% (273)	15.5% (81)	3.2% (17)	2.9% (15)
Aligning work efforts and resources with goals	21.1% (110)	44.6% (233)	23.8% (124)	7.7% (40)	2.9% (15)
Retaining good employees	20.3% (106)	52.0% (272)	17.4% (91)	5.5% (29)	4.8% (25)

Most respondents – 78 percent – said that their system was very or somewhat successful at identifying and addressing poor performance while 76 percent rated their system as very or somewhat effective in identifying developmental and training needs.

Aligning work efforts with resources and goals appears the most challenging with 68 percent of respondents indicating their system is very or somewhat effective and aligning work efforts and resources with goals and nearly 32 percent stating their system was not very or was actually unsuccessful at aligning work efforts with resources and goals. Not surprisingly, the chart below shows that those respondents whose performance appraisal systems align individual to organizational goals report a great deal more success in this area – 87 percent versus 36 percent.

More surprising is that aligning individual goals to organizational goals has a positive impact in all other areas as well – including communicating expectations, identifying developmental and training needs, identifying and addressing poor performance, and retaining good employees.

The four charts below illustrate that any action on the part of the employer to improve or enhance the performance appraisal system appears to have a positive impact on the results.

Does your performance appraisal system align individual goals to organizational goals?	Yes – individual goals aligned with organizational goals (respondents indicating system somewhat or very successful)	No – individual goals are not aligned with organizational goals (respondents indicating system somewhat or very successful)
Communicating expectations for performance/conduct	97%	74%
Identifying developmental and training needs	88%	64%
Identifying and addressing poor performance	88%	69%
Aligning work efforts and resources with goals	87%	36%
Retaining good employees	84%	63%

Does your performance appraisal system include core competencies?	Yes – core competencies are included (respondents indicating system somewhat or very successful)	No – core competencies are not included (respondents indicating system somewhat or very successful)
Communicating expectations for performance/conduct	93%	82%
Identifying developmental and training needs	87%	70%
Identifying and addressing poor performance	87%	75%
Aligning work efforts and resources with goals	81%	54%
Retaining good employees	82%	68%

Is team performance addressed as well as individual performance?	Yes –team performance is addressed (respondents indicating system somewhat or very successful)	No – team performance is not addressed (respondents indicating system somewhat or very successful)
Communicating expectations for performance/conduct	93%	83%
Identifying developmental and training needs	96%	73%
Identifying and addressing poor performance	87%	77%
Aligning work efforts and resources with goals	78%	61%
Retaining good employees	85%	69%

If pay is linked to performance, does the unit/department's performance affect the employee's performance evaluation?	Yes –unit/department performance is linked to employee's performance (respondents indicating system somewhat or very successful)	No – unit/department performance is not linked to employee's performance (respondents indicating system somewhat or very successful)
Communicating expectations for performance/conduct	100%	89%
Identifying developmental and training needs	94%	75%
Identifying and addressing poor performance	91%	82%
Aligning work efforts and resources with goals	91%	64%
Retaining good employees	91%	71%

Do you feel your organization's appraisal system helps your organization achieve its goals? Forty seven percent said yes, 35 percent said no and 19 percent said "don't know" (numbers do not add up to 100 because of rounding.) Forty-five percent of respondents said that employees believe that appraisals are fair, while 18 percent said no and 37 percent said, "don't know."

Impact of Environment on Success of Performance Appraisal System

When analyzing performance appraisal systems it may be useful to look at how environmental factors affect the perceived success of the system. The human resources department will not have control over every aspect affecting the success of the appraisal system. The survey examined two such factors: size of the jurisdiction and the level of unionization. Below are the results.

The impact of size of the jurisdiction on success

The data was analyzed by grouping respondents into three categories – "small" – those reporting a population of fewer than 100,000 – "medium" – those reporting a population between 100,000 and 500,000 and – "large" – those reporting a population of greater than 500,000.² Because jurisdictions with larger populations are likely have larger workforces

² Population is taken from question 12 of the survey where respondents were asked to choose the size of their organization's constituency by number of individuals receiving services or living within their jurisdiction

and greater resources, in general, than organizations in smaller jurisdictions, some of the results are not surprising. For instance, respondents from jurisdictions with large populations are more likely to measure the success of the appraisal program (36 percent said yes, compared to 23 percent of respondents from jurisdictions with medium-sized population and 25 percent of respondents from jurisdictions with small populations).

Those with large populations are slightly more likely to report that their organization's appraisal system helps it achieve its goals (50 percent compared to 49 percent for medium and 45 percent for small). And, top performers are more likely to receive a higher raise/bonus than average performers in larger organizations (64 percent compared to 53 percent for medium and 59 percent for small).

Other results were not intuitive, for instance team performance is more likely addressed in small population organizations (46 percent compared to 39 percent for medium and 36 percent for large). And more respondents from large population organizations reported that poor performers are harming morale than those from medium and small population jurisdictions (57 percent compared to 54 percent for medium and 50 percent for small).

Along the same lines, large population jurisdictions are less likely to report that employees find the performance appraisal system fair than those in medium and small population jurisdictions (41 percent compared to 48 percent for medium and 49 percent for small).

In terms of how successful respondents said their performance appraisal systems were in the five areas, there were few distinctions to be made by size of the population. The five areas are:

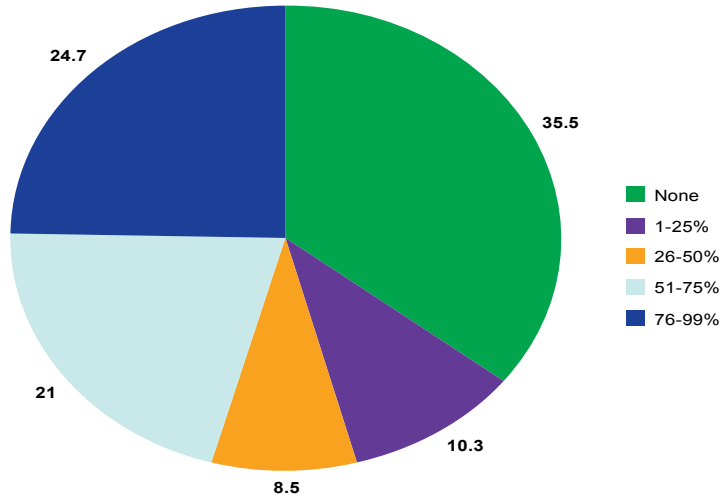
- Communicating expectations for performance/conduct
- Identifying developmental and training needs
- Identifying and addressing poor performance
- Aligning work efforts and resources with goals
- Retaining good employees

One area where there seemed to be a distinction based on size was in identifying and addressing poor performance -only 21 percent of those from large population jurisdictions said that their system was very effective in this area compared to 31 percent of medium population jurisdictions and 30 percent for small population jurisdictions. These findings are consistent with the earlier mentioned results that large population jurisdictions were more likely to say that poor performers were currently harming morale.

Another area is in retaining good employees. Twenty-four percent of small population jurisdictions said that their performance appraisal system was effective in this area while only 21 percent of medium population jurisdictions and 19 percent of large population jurisdictions. The retention of good employees may correlate to how poor performers are handled in the organization.

The impact of unionization

What percentage of your organization's employees are covered by union agreements?



*Numbers are in percent

Analysis

Union Coverage	Practices (%)						Success (1-3)					Outcomes (%)	
	A	B	C	D	E	F	1	2	3	4	5	Seen as fair?	Achieves goals?
None	62%	49%	41%	26%	10%	31%	1.65	1.99	1.79	1.99	1.98	39%	58%
01-25%	63%	50%	39%	23%	10%	32%	1.73	2.04	1.92	2.02	2.06	42%	49%
26-50%	51%	45%	45%	25%	8%	14%	1.74	2.04	1.83	2.19	2.00	45%	43%
51-75%	52%	43%	37%	18%	3%	20%	1.94	2.07	2.02	2.23	2.07	37%	43%
75-99%	42%	37%	34%	25%	3%	20%	1.83	2.00	1.99	2.26	1.88	39%	35%

Key to practices:

- A: Alignment with organizational goals
- B: Incorporation of core competencies
- C: Incorporation of team performance
- D: Measurement of organizational performance
- E: Incorporation of organizational performance
- F: Use of automated tool

Key to success elements:

- 1: Communicating expectations
- 2: Development
- 3: Dealing with poor performance
- 4: Aligning performance with organizational goals
- 5: Retaining good employees

As shown in the table, organizations with employees represented by unions were less likely to indicate that their performance appraisal system helped the organization accomplish its mission. A closer examination of survey responses provides some possible explanations for this result.

Responses show that organizations with represented employees were less likely to have certain performance management practices. Notably, organizations that had a moderate or high percentage of represented employees were less likely to indicate that employees' performance elements and standards were aligned with organizational goals. In terms of evaluation, such organizations were also less likely to report that individual performance appraisals reflected team performance or organizational performance. These differences may reflect the greater time and effort needed to implement such practices (e.g., to negotiate an agreement or bargain over the impact and implementation of changes in the performance appraisal system), or resistance to practices that make performance appraisals (and, perhaps, awards or pay increases) dependent on circumstances or outcomes outside the direct control of the individual employee.

Whatever the cause, it appears that these differences affect the ability of the appraisal system to achieve certain outcomes. For example, organizations with represented employees reported somewhat lower levels of success in using performance appraisal to communicate expectations, identify and address poor performance, and align individual performance with organizational goals. (In contrast, there were not significant differences in reported success in using performance appraisals to identify developmental needs or to retain good employees.)

In summary, it appears that union representation does affect performance management practices, which in turn affects the success of the organization's appraisal system. Yet many organizations with moderate or high levels of unionization report that they have contemporary, successful performance management programs. Thus, the presence of union representation should not discourage organizations from seeking to use performance appraisal systems to achieve specific outcomes (such as a clearer "line of sight" or serious consequence for poor performance) in support of mission accomplishment.

Still, the survey results do provide some points for unionized organizations to consider. First, it appears that "positive" uses of performance appraisal such as development and retention may be easier to implement in a unionized setting. Second, it appears that efforts to strengthen *individual* accountability, especially for *organizational* results, should be developed and implemented with special care. Such efforts may represent a significant departure from traditional job- and task-centered performance standards, raise concerns about the potential for excessive subjectivity, and create fears that even competent, hard-working employees will be held responsible for outcomes beyond their control or influence.

Conclusion

Is Performance Appraisal Worthwhile?

The theoretical and practical arguments in favor of formal performance management systems, including performance appraisal, are strong. From a theoretical perspective, performance appraisals can provide a framework for communicating expectations, giving performance feedback, and focusing attention and effort on organizational priorities. From a practical perspective, performance appraisals can help organizations make and justify personnel decisions and signal, to both employees and the public, that the organization is serious about performance and accountability.

Yet many responding organizations gave only lukewarm endorsements of their appraisal systems. A majority of responding organizations indicated that their systems were no more than “somewhat effective” at important functions such as aligning work efforts with organizational goals, communicating performance and conduct expectations, identifying training needs, and addressing poor performance. Moreover, many respondents seem unsure that performance appraisal is worth the time and effort required: only 47 percent of respondents believe that their organization’s performance appraisal system helps their organization achieve its goals.

How Good is Good Enough?

A performance appraisal system can perform several different functions. Those functions are not completely compatible; for example, using appraisals to allocate awards and pay increases may detract from the ability to use the appraisals for individual or organizational development. Consequently, even a well-designed, conscientiously administered system may not fulfill all its functions equally well. That may explain why very few respondents reported that their appraisal system was very successful at all, or even most, of the five areas covered in our survey.

Success of Appraisal System by Function and System's Value Added				
"Very Successful" Areas	#	System Helps Organization Meet Goals		
		Yes	No	Don't Know
Overall	266	24%	54%	21%
Communicating expectations for performance/conduct	68	54%	24%	22%
Identifying developmental and training needs	70	63%	14%	23%
Identifying and addressing poor performance	47	87%	6%	6%
Aligning work efforts and resources with goals	31	81%	3%	16%
Retaining good employees	24	100%	0%	0%

Yet it appears that organizations that seek to use performance appraisal to improve organizational performance should pursue unqualified success in at least one area. As shown above, organizations that reported that their appraisal system was "very successful" in at least one area were much more likely to believe that their appraisal system helps the organization meet its goals.

What Performance Management Practices Add Value?

To gain insight into which performance management practices are most useful, we analyzed the relationship between selected practices and an organization's overall assessment of the "value added" by its appraisal system. (We used Q51, "Do you feel your organization's performance appraisal system helps your organization achieve its goals?" as our gauge of value added.) Organizations were more likely to report that their appraisal systems helped them achieve their goals when the appraisal systems were relevant, credible, and able to differentiate among employees. We discuss those appraisal system characteristics and related practices below.

Relevant. Appraisal systems were more likely to “add value” when they focused employee attention and work efforts on organizational outcomes. Two practices that were highly correlated with positive responses to Question 51 were—

- Alignment of individual goals with organizational goals; and
- Appraisals that include one or more elements that hold the employee accountable for results.

Other system features, such as incorporating core competencies, team performance, organizational performance. It may be that the value of such features is contingent on other factors (e.g., the soundness of team performance measures, the relevance of the core competencies, and the strength of the relationship between individual and organizational performance). Similarly, the use of an electronic performance management tool also appears to be potentially, but not necessarily, beneficial.

There was no clear relationship between use of external/360° input and the appraisal system’s perceived value, suggesting that organization should use such input selectively and judiciously.

Credible. Appraisal systems were more likely to “add value” when they used sound measures and were properly administered. Features that were correlated with an appraisal system that helped the organization achieve its goals were—

- Requiring elements and standards that are credible and observable;
- Training supervisors and managers on conducting performance appraisals; and
- Employee belief that appraisals are fair.

Although credibility with employees is important, the value of particular measures to increase the credibility of appraisals is less clear. Practices of potential, but not certain, benefit included employee training on the appraisal system and incorporating employee input into the appraisal process. There was no clear relationship between system success and bargaining unit coverage, and whether appraisals could be appealed. This suggests that the substance of the appraisal system (elements, standards, measures, ratings) may matter more than its specific processes, or that the value of formal processes is contingent on their results rather than their presence.

Able to differentiate. Appraisal systems appear more likely to succeed when the organizations make performance distinctions among good employees. Practices that were correlated with positive outcomes included:

- Having more than two rating levels; and
- A plausible ratings distribution—reserving the highest ratings for high-performing employees.

This does not mean that more levels are always better, or that organizations should use mechanisms such as “forced distributions” or quotas to artificially limit the number of high ratings given. However, it does appear that systems that are “pass/fail” – either by design or in practice – are less likely to be beneficial to the organization.

Performance Management 2008

1. Name (First Name, Last Name)		Response Count
		619
	<i>answered question</i>	619
	<i>skipped question</i>	4

2. Organization		Response Count
		619
	<i>answered question</i>	619
	<i>skipped question</i>	4

3. Title		Response Count
		619
	<i>answered question</i>	619
	<i>skipped question</i>	4

4. Address		Response Count
		619
	<i>answered question</i>	619
	<i>skipped question</i>	4

5. City		Response Count
		619
	<i>answered question</i>	619
	<i>skipped question</i>	4

6. State (two letter postal abbreviation - e.g. VA for Virginia)		Response Count
		619
	<i>answered question</i>	619
	<i>skipped question</i>	4

7. Postcode/Zip Code		Response Count
		619
	<i>answered question</i>	619
	<i>skipped question</i>	4








8. Country		Response Count
		619
	<i>answered question</i>	619
	<i>skipped question</i>	4

9. Telephone		
		Response Count
		619
	<i>answered question</i>	619
	<i>skipped question</i>	4




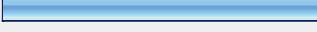





10. Email		
		Response Count
		619
	<i>answered question</i>	619
	<i>skipped question</i>	4






11. Please select the statement that best describes your organization's total number of employees including all full-time equivalent positions - FTEs.			
		Response Percent	Response Count
1-499 employees		39.6%	242
500-999 employees		15.4%	94
1,000-4,999 employees		26.0%	159
5,000-9,999 employees		9.8%	60
10,000-49,999 employees		7.0%	43
50,000-99,999 employees		1.6%	10
100,000+ employees		0.5%	3
		<i>answered question</i>	611
		<i>skipped question</i>	12






12. Please select the statement that best describes the size of your organization's constituency by number of individuals receiving services or living within your jurisdiction:




		Response Percent	Response Count
Under 10,000 individuals		9.7%	58
10,000-49,999 individuals		20.4%	122
50,000-99,999 individuals		15.7%	94
100,000-499,999 individuals		21.6%	129
500,000-999,999 individuals		10.1%	60
1,000,000-3M individuals		10.9%	65
3M+ individuals		11.6%	69
		answered question	597
		skipped question	26




13. Which statement best describes your organization?

		Response Percent	Response Count
Federal		4.1%	25
State		16.7%	102
County		21.0%	128
Local Municipality/City		43.3%	264
Town/Township/Village		2.0%	12
University/College		2.5%	15
School District		0.3%	2
Special District		2.8%	17
Other (please specify)		7.2%	44
		answered question	609
		skipped question	14




14. Please select the statement that best describes your organization's HR environment.			
		Response Percent	Response Count
Merit-based Civil Service System		26.5%	159
Merit-based Civil Service System without formal protections		1.8%	11
At will employment		25.5%	153
Some combination of Civil Service and At-will		38.4%	230
Other (please specify)		7.7%	46
		<i>answered question</i>	599
		<i>skipped question</i>	24






15. What percentage of your organization's employees are covered by Union agreements?			
		Response Percent	Response Count
0%		35.5%	213
1-25%		10.3%	62
26-50%		8.5%	51
51-75%		21.0%	126
76-99%		24.7%	148
100%		0.0%	0
		<i>answered question</i>	600
		<i>skipped question</i>	23




16. Does your performance appraisal system align individual goals to organizational goals?			Response Percent	Response Count
Yes			56.6%	326
No			36.5%	210
Don't know			6.9%	40
			<i>answered question</i>	576
			<i>skipped question</i>	47




17. Does your performance appraisal system include core competencies? For instance, are employees required to demonstrate that they meet a set of well-defined competencies as part of the formal process?			Response Percent	Response Count
Yes			46.6%	270
No			48.0%	278
Don't know			5.4%	31
			<i>answered question</i>	579
			<i>skipped question</i>	44




18. If you answered "yes" to question 17, please describe how your appraisal system includes competencies. For instance are they part of the appraisal forms? Do you have a list of competencies for all or most positions? Are they a large or small part of the review process?		Response Count
		265
<i>answered question</i>		265
<i>skipped question</i>		358



19. Is team performance addressed as well as individual performance?			
		Response Percent	Response Count
Yes		40.3%	232
No		55.8%	321
Don't know		3.8%	22
answered question			575
skipped question			48

20. Is pay linked to performance? (Check all that apply)			
		Response Percent	Response Count
Through the annual raise		55.3%	284
As a bonus		9.9%	51
A combination raise/bonus		14.0%	72
We don't link pay to performance		28.2%	145
Don't know		1.4%	7
Other (please specify)			116
answered question			514
skipped question			109




21. If pay is linked to performance, do those who demonstrate top performance receive a higher raise/bonus than those who demonstrate average performance?			
		Response Percent	Response Count
Yes		58.2%	271
No		36.9%	172
Don't know		4.9%	23
answered question			466
skipped question			157

22. Does your organization assess unit (or department) performance?			Response Percent	Response Count
Yes			24.7%	142
No			69.4%	399
Don't know			5.9%	34
			answered question	575
			skipped question	48



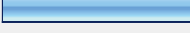
23. If your answer to question 22 was yes, does the unit/department's performance affect the employees' performance evaluations?			Response Percent	Response Count
Yes			19.8%	39
No			61.4%	121
Don't know			18.8%	37
			answered question	197
			skipped question	426

24. Does your organization use an electronic (web or other technology) performance management tool?			Response Percent	Response Count
Yes			25.7%	147
No			74.3%	424
			answered question	571
			skipped question	52



25. If you are not currently using an electronic (web or other technology) tool, does your organization plan to implement an online system in:

		Response Percent	Response Count
Less than one year		7.6%	37
More than one year		31.6%	154
Does not apply		60.8%	296
		<i>answered question</i>	487
		<i>skipped question</i>	136






26. If your organization uses an electronic tool, is it:

		Response Percent	Response Count
A stand-alone system		47.7%	105
Part of a larger enterprise resource planning system (ERP)		26.4%	58
Don't know		25.9%	57
		<i>answered question</i>	220
		<i>skipped question</i>	403



27. If your organization uses an electronic performance management system is it:




		Response Percent	Response Count
One created in-house by the organization's own staff		46.0%	87
Purchased from a third party such as SAP, PeopleSoft, etc.		54.0%	102
		<i>answered question</i>	189
		<i>skipped question</i>	434




28. How often do managers/supervisors meet with employees to discuss performance? For example if your organization requires quarterly touch-base meetings but conducts an annual review, please mark quarterly. (Assume that problems will be addressed on an as-needed basis)



		Response Percent	Response Count
Annually only		64.2%	324
Two times per year		23.8%	120
Three times per year		3.8%	19
Four times per year		7.1%	36
More than four times per year		1.2%	6
		Other (please specify)	82
		answered question	505
		skipped question	118

29. Are official performance appraisals/evaluations (those tied to pay increases) conducted




		Response Percent	Response Count
On the employee's anniversary		53.1%	238
On a calendar basis		46.9%	210
		Other (please specify)	76
		answered question	448
		skipped question	175



30. Does your organization use separate appraisal forms for trial (probationary) employees?			Response Percent	Response Count
Yes			25.8%	140
No			71.1%	386
Don't know			3.1%	17
			answered question	543
			skipped question	80

31. Does the employee provide input to the performance appraisal process through a self-evaluation or some formal process?			Response Percent	Response Count
Yes			65.6%	317
No			31.9%	154
Don't know			2.5%	12
			Other (please specify)	89
			answered question	483
			skipped question	140




32. Do co-workers, managers/supervisors without direct responsibility for the employee, subordinates or clients provide input into the performance appraisal process?			Response Percent	Response Count
Yes			29.1%	139
No			70.9%	339
			Other (please specify)	90
			answered question	478
			skipped question	145

33. Does your organization provide training to supervisors and managers on conducting performance appraisals?				
			Response Percent	Response Count
Yes			80.2%	420
No			17.6%	92
Don't know			2.3%	12
			Other (please specify)	39
			answered question	524
			skipped question	99






34. Does your organization provide training to employees on performance appraisals?				
			Response Percent	Response Count
Yes			33.3%	179
No			63.8%	343
Don't know			3.0%	16
			Other (please specify)	22
			answered question	538
			skipped question	85

35. Can the results of the performance appraisal be appealed?				
			Response Percent	Response Count
Yes			65.2%	332
No			34.8%	177
			Other (please specify)	74
			answered question	509
			skipped question	114













36. What are performance standards based on? (check all that apply)

		Response Percent	Response Count
Competencies		60.2%	317
Job duties		86.9%	458
Outcomes		57.1%	301
		Other (please specify)	37
		<i>answered question</i>	527
		<i>skipped question</i>	96

37. How many levels does the performance appraisal system use?




		Response Percent	Response Count
Two		17.9%	82
Three		22.5%	103
Four		20.5%	94
Five		29.9%	137
More than five		9.2%	42
		Other (please specify)	63
		<i>answered question</i>	458
		<i>skipped question</i>	165




38. What percentage of employees are in the top level of the performance appraisal system?

		Response Percent	Response Count
Less than 10 percent		13.9%	69
10 percent		8.9%	44
20 percent		10.7%	53
30 percent		7.6%	38
40 percent		3.8%	19
50 percent		1.6%	8
60 percent		2.0%	10
70 percent		2.8%	14
80 percent		2.0%	10
90 percent		2.6%	13
More than 90 percent		2.8%	14
Don't know		41.2%	205
		Other (please specify)	36
		<i>answered question</i>	497
		<i>skipped question</i>	126





39. What percentage of employees are in the bottom level of the performance appraisal system?			Response Percent	Response Count
Less tha 10 percent			43.4%	219
10 percent			7.9%	40
20 percent			4.0%	20
30 percent			2.0%	10
40 percent			0.8%	4
50 percent			0.2%	1
60 percent			0.2%	1
70 percent			0.4%	2
80 percent			1.0%	5
90 percent			1.0%	5
More than 90 percent			0.4%	2
Don't know			38.8%	196
			Other (please specify)	22
			answered question	505
			skipped question	118

40. Does the appraisal system require that elements and standards include credible measures of performance that are observable, measurable, and or demonstrable?			Response Percent	Response Count
Yes			68.4%	364
No			31.6%	168
			answered question	532
			skipped question	91





41. Does the performance appraisal include at least one element that holds the employee accountable for achieving results?			Response Percent	Response Count
Yes			70.2%	377
No			23.6%	127
Don't know			6.1%	33
			answered question	537
			skipped question	86





42. Does your organization create individual development plans that are intended to:			Response Percent	Response Count
Develop a well-rounded individual			21.1%	102
Capitalize on the individual's ability to learn to be competent			5.0%	24
Discover the individual's unique talents			1.7%	8
Develop needed competencies for the position			28.9%	140
We don't create individual development plans			43.4%	210
			Other (please specify)	79
			answered question	484
			skipped question	139




43. What outcomes are in place for those who are at the bottom level(s) of the performance appraisal system? (Check all that apply.)




		Response Percent	Response Count
Performance improvement plan		87.3%	462
Termination		41.6%	220
Coaching		62.9%	333
Nothing		9.1%	48
Other (please specify)			41
		answered question	529
		skipped question	94

44. How often do poor performers recover and become productive employees:





		Response Percent	Response Count
Almost always		5.6%	27
Most of the time		25.1%	122
Some of the time		60.3%	293
Almost never		9.1%	44
Other (please specify)			42
		answered question	486
		skipped question	137

45. Overall, how often is your organization effective in handling poor performance?			Response Percent	Response Count
Almost always			6.1%	31
Most of the time			34.8%	178
Some of the time			51.1%	261
Almost never			8.0%	41
		Other (please specify)		19
			answered question	511
			skipped question	112

46. Are poor performers are currently harming the morale in your organization?			Response Percent	Response Count
Yes			52.2%	283
No			20.5%	111
Don't know			27.3%	148
			answered question	542
			skipped question	81




47. Does your organization measure the success of the appraisal program?			Response Percent	Response Count
Yes			27.1%	144
No			59.9%	318
Don't know			13.0%	69
			answered question	531
			skipped question	92

48. If your organization measures the success of the appraisal program, what methods are used to measure this success? (Check all that apply.)

		Response Percent	Response Count
Turnover statistics		56.2%	91
Retention statistics		49.4%	80
Employee feedback or surveys		71.6%	116
Productivity or outcomes		52.5%	85
Other (please specify)			31
		answered question	162
		skipped question	461

49. How successful is your appraisal system with the following?

	Very	Somewhat	Not very	Unsuccessful	N/A	Rating Average	Response Count
Communicating expectations for performance/conduct	32.8% (172)	52.1% (273)	9.7% (51)	2.7% (14)	2.7% (14)	1.82	524
Identifying developmental and training needs	19.4% (102)	56.8% (298)	16.6% (87)	4.8% (25)	2.5% (13)	2.07	525
Identifying and addressing poor performance	26.3% (138)	52.1% (273)	15.5% (81)	3.2% (17)	2.9% (15)	1.95	524
Aligning work efforts and resources with goals	21.1% (110)	44.6% (233)	23.8% (124)	7.7% (40)	2.9% (15)	2.19	522
Retaining good employees	20.3% (106)	52.0% (272)	17.4% (91)	5.5% (29)	4.8% (25)	2.09	523
answered question							526
skipped question							97

50. Do employees believe that appraisals are fair?			Response Percent	Response Count
Yes			44.7%	235
No			18.4%	97
Don't Know			36.9%	194
			<i>answered question</i>	526
			<i>skipped question</i>	97

51. Do you feel your organization's appraisal system helps your organization achieve its goals?			Response Percent	Response Count
Yes			46.5%	236
No			34.5%	175
Don't know			18.9%	96
			Other (please specify)	43
			<i>answered question</i>	507
			<i>skipped question</i>	116

52. Does your organization have a best-practice in performance management? Please include any innovative or effective practices. Thank you.		Response Count
		121
		<i>answered question</i>
		121
		<i>skipped question</i>
		502

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