

# Performance Management Review





# University of Louisville

## *Performance Management Review*


PRICEWATERHOUSECOOPERS 

# Purpose of Performance Management



- Purpose of performance management will differ from one organization to the next and may represent multiple purposes
  - Compensation and rewards (e.g., merit increases)
  - Career planning
  - Human resources planning
  - Performance improvement goals for individuals and/or teams
  - Documentation of personnel decisions
  - Placement, promotions and terminations
  - Feedback regarding contributions and achievement against goals
  - Determination of individual development and training needs
  - Enhancement of employee-supervisor communications

# Characteristics of Effective Performance Management Systems: Best Practices




- Performance management should be an ongoing process of planning ⇒ coaching ⇒ reviewing ⇒ rewarding
  - Continuous process of establishing objectives, monitoring progress toward attainment of results, giving relevant feedback and providing rewards and recognition for achievement of results
- Performance should be linked to specific business objectives and driven by top management
  - Clear communication of business strategy
  - Cascading effect of organizational goals and objectives (“top-down”)

# Characteristics of Effective Performance Management Systems: Best Practices

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- Performance measures are based on a combination of quantifiable objectives and behavioral competencies
  - Competencies are the behaviors that drive results and support superior job performance
  - Qualitative measures (e.g., student or customer service, teamwork) have become increasingly important
- Management commitment and accountability must exist at all levels
  - Management, as well as Human Resources, can own the performance management process, however, they need to be equipped with the proper tools and training
  - Management is held accountable for their own work as well as the performance and development of the people they manage

# Characteristics of Effective Performance Management Systems: Best Practices



- There should be linkage to other systems, and the goals of the performance management system should be communicated clearly
  - Performance management as a change agent
  - Performance management elements can become a strong statement of an organization's strategies, values and mission
- Multiple sources should have input into the performance review
  - Self-appraisals
  - Internal and external customer feedback/subordinate feedback/student feedback
    - ❖ must assess the desirability/feasibility of incorporating others' assessments
    - ❖ highly dependent on institutional culture

# Current Purpose of the Appraisal System

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- Establish goals and objectives for job performance
- Inform employees of strong and weak points, training needs or expected improvements, and suggested methods for improvement
- Determine the employee's eligibility for performance pay increases
- Recognize an employee's potential for promotion
- Serve as a basis for disciplinary action
- Assist in determining the order of layoff and reinstatement

# Current Policies

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- Annual Evaluations are completed between January 1 and March 31 of the calendar year
- Semi-annual appraisals are encouraged
- Appraisals are completed to address/document performance problems
- Job performance factors are set by supervisor
- Supervisor is to inform employee of set factors
- Appraisers are urged to be objective when rating employees

# Current Process

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- Classified and Professional/Administrative employees' performance is appraised 30 days before the end of their provisional employment period.
  - If performance is unsatisfactory, the employee is terminated before the end of the provisional period.
  - If performance is satisfactory, the employee will be retained beyond the provisional employment period and granted regular status.
- Annual performance appraisals are prepared by the supervisor for all employees; this is repeated annually thereafter.
- Supervisors develop job performance factors for each employee.
- Employee completes a self-appraisal prior to the appraisal interview.

# Policy and Process Recommendations



- *Clearly delineate between performance factors and goals.*
  - *Develop goals/objectives specific to each position with behavioral and objective-based dimensions; these should be linked to the job description. Goals should be written in the format, “what is to be done by when”.*
  - *Determine the appropriate behaviors all positions can be measured against, e.g., teamwork, productivity, dependability, cooperation, etc. These should be linked to the University’s mission or strategy.*
- *Increase employee participation by having employees formulate their own job performance factors and goals. This will help to set a positive tone and avoid making employees feel “micro-managed”.*

# Policy and Process Recommendations

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- *Incorporate mandatory semi-annual reviews to provide feedback and shape behaviors.*
- *Hold managers and supervisors accountable for communicating performance factors at the beginning of the appraisal year, on-time completion of appraisals for their subordinates and for documentation of subordinates' key incidents throughout the performance period.*
- *Conduct mandatory training for all supervisors in order to evaluate subordinates consistently across departments.*

# Current Performance Rating Categories

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- Four ratings distinguish employee performance:
  - Superior
  - Above Standard
  - Satisfactory
  - Unsatisfactory
- A general description is provided for each rating
- Two rating scales:
  - Individual Factor Rating
  - Overall Performance Rating

# Performance Rating Categories Recommendations

- *Provide specific descriptions of ratings which apply to each of the levels within the behaviors that are chosen.*
- *Consider a five-point rating scale to foster a normalized distribution of ratings. In addition, consider renaming the rating scale to make it more meaningful to the employee, such as does not meet expectations, partially meets expectations, fully meets expectations, exceeds some expectations, and exceeds all expectations.*

# Current Merit Increase Policy

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- Annual merit increases are based upon overall performance ratings and the adopted approach of the individual department
  - Some departments give across-the-board increases
  - Some departments vary the amount of increase based on the overall performance rating an individual receives (e.g., 3% for satisfactory, 4.5% for above standard, and 6% for superior)

# Merit Increase Policy Recommendations

- Use a merit matrix to determine merit increases as shown in the sample tables below:

Performance Rating	Increase Amount
Superior	6-8%
Above Standard	4-6%
Satisfactory	2-4%
Unsatisfactory	0%

This table takes into consideration the employee's performance only.

Performance Rating	Position in Salary Range		
	Lower Third	Middle Third	Upper Third
Superior	8%	6%	4%
Above Standard	6%	4%	2%
Satisfactory	4%	2%	1%
Unsatisfactory	0%	0%	0%

This table takes into consideration the employee's performance and position in the salary range.

- The merit matrix allows the individual to see the link between their performance and the pay increase which motivates them to strive for higher levels of performance.

# Current Form

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- Standard form is used across departments within the University
- Forms include
  - Factor Information
  - Appropriate sign-offs for discussion of job factors
  - Open-ended comments sections
  - Overall performance rating
  - Staff member's development plans (optional)
  - Appropriate sign-offs (including employee, evaluator, and department head)

# Form Recommendations

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- *Use a standardized set of behaviors for all employees to be measured against.*
- *Require completion of development plan section to be used in goal setting.*
- *Establish a goal setting process.*



# Document Review

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- The following are the documents PwC reviewed to obtain an understanding of the current performance appraisal system:
  - Employment Policies and Procedures for Performance Appraisal
  - Staff Performance Appraisal and Development Manual
  - Performance Appraisal Form