



CUTTINGS...

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Welcome to 2017 and the season of the annual performance appraisal. (Smile or groan appropriately!!)

A lot has been written on performance management and appraisal in the last few years, with everything from praise for online, real-time feedback systems to a call for review or total abandonment of the process, with some big names like GE (who were once renowned for their policy of sacking the bottom 10% of performers each year) abolishing their performance ranking completely.

So a couple of articles this month which summarise the current state of play, thanks to a review and report by the CIPD, and some ideas from top names who are the leaders in employee engagement practices - which was the original intention of the performance appraisal for those who can remember back to Drucker's Managing by Objectives. And a related piece warning that employees want to be involved more or they will leave.

As usual, if you would like a downloadable pdf of this edition. it is published on my website, along with copies of all past editions, click [here](#).

Enjoy,

Geof Cox

Could do Better

An interesting title for the CIPD report into performance management - it is the most a lot of employees can usually expect from a performance appraisal (or school report). What their report does do is to present and discuss the research on two core aspects of performance management: goal setting and performance appraisals give us the best available evidence on the subjects.

In their review, the CIPD finds that goal setting is rather like having a prescribed medication, in that it certainly works, but can be easy to misapply or get the wrong 'dosage'. Specific and challenging goals are generally found to be a powerful motivator when tasks are easily defined. But when tasks are 'complex' and involve navigating interrelated steps or stages, adapting to unfamiliar cues, developing new skills or making decisions based on data analysis, then traditional goal setting can detract from performance. This effect has been recorded in a number of studies, where applying a performance incentive to mechanical tasks works well, but leads to poorer performance when applied to tasks which require cognitive skills. For these complex tasks, 'do-your-best' directives and behavioural or

In this edition

Could do Better - a report on best practice in goal setting and performance appraisal.

Examples of employee engagement - more best practice from 6 leading companies

Three-quarters of employees crave more freedom at work - a key message from employees: more leadership and less micro-management, otherwise we leave!

Plus details of **Public Courses** (including a new date in April), **Book Sales**, and **Snippets** to further provoke your thinking and reflection.

Snippets

A collection of thought provokers and quotations...

"The foolish man seeks happiness in the distance; the wise grows it under his feet."

James Oppenheim

"Till a man can judge whether they be truths or not, his understanding is but little improved, and thus men of much reading, though greatly learned, but may be little knowing."

John Locke

"How do you get other people to want to follow you? How do you get other people, by free will and free choice, to move forward together on

developmental objectives do more to help employees focus and perform well.

The report also concludes that power of goal setting (whether task or behavioural) to improve performance rests on monitoring progress and feedback. Which confirms the long held belief that performance management should be seen as a continuous process, not an occasional (or annual) interview. Some of the best quality research on performance appraisal demonstrates that feedback generally contributes to performance, but if you don't get it right it either has no effect or can even worsen performance. But there is no universal template to follow as the context is equally important in defining the best approach, and the use of technology to deliver feedback works as well as face-to-face (seemingly an impact of the social media age where feedback and comment is continuous). So, effective goal setting means:

- for jobs or tasks that are relatively straightforward and predictable, set outcome goals that are clear, specific and challenging (yet achievable)
- when jobs are 'complex' set outcome goals that encourage employees to do their best or that focus on employee behaviour or personal learning outcomes
- allow managers to set targets and focus employee involvement on **how** they go about their work
- encourage employees to develop a learning mindset
- support employees to form 'implementation goals', stating how, where and when they will act and to develop strategies to deal with potential setbacks

The most important factor in the effectiveness of performance management is, as one might expect, employees' reactions. These are particularly influenced by how fair and useful they experience performance appraisal to be. If an employee feels unfairly treated, unsupported or demotivated the day after an appraisal, performance management can unravel and it's clear more conversation or action is needed.

The use of standardised measures or ratings is normal in most performance systems, and has an inherent bias from the raters or managers themselves, much of which may not be conscious. Training raters and making them more accountable for their evaluations both helps to reduce bias and make appraisals more accurate. Rater-centric errors include the belief that employee ability is essentially fixed or managers having a greater level of power or self-perceived power in the organisation, both of which lead to lower ratings; if managers have been rated highly themselves, or the employee was hired or by the rating manager, then higher ratings tend to follow. Employees can also generate higher ratings by demonstrating organisational citizenship behaviour or by self-promotion and the use of political skills.

However, a more fundamental question relates to the purpose of appraisal. Managers approach assessments very differently, with different results, when they are used for administrative purposes (such as to inform pay decisions) than when they are used for developmental purposes. Best practice, therefore, is that a meeting or process should focus on one or the other of these, but not both. Both

a common purpose? Just how do you get others to want to do things?"

Jim Kouzes and Barry Posner

"We must always change, renew, rejuvenate ourselves; otherwise, we harden."

Goethe

"The best way is always the simplest way - once it is learned."

Frank Bunker Gilbreth

"An ounce of experience is worth a ton of theory."

Benjamin Franklin

"I not only use all the brains I have, but all I can borrow."

Woodrow Wilson

"Decision is the spark that ignites action. Until a decision is made, nothing gets done."

Wilferd A. Peterson

"For myself, I am an optimist - it does not seem to be much use being anything else."

Winston Churchill

"Doubts are more cruel than the worst of truths"

Moliere

"We may have all come on different ships, but we're in the same boat now."

Martin Luther King, Jr.

"You give but little when you give of your possessions. It is when you give of yourself that you truly give."

Kahlil Gibran

"Motivation is a battle for the heart, not just an appeal to the mind. Passion is always an expression of the soul."

Patrick Dixon

"Judge not by the eye but by the heart."

Native American Saying

are valid reasons for appraisal, but a clear distinction between them will make performance management a far smoother, more productive and less fraught process.

Key factors that influence how performance appraisal contributes to work performance that emerges from the study:

1. managers' evaluations are more powerful motivators than self-assessments,
2. feedback can be given in person or through technology equally effectively.
3. avoid using forced distribution to rate performance, as it generates negative employee reactions
4. five categories work better than three
5. use strengths-based feedback that focuses on positive aspects of performance and future development
6. managers should involve employees in the appraisal discussions so that their voice can be fully heard, even if it doesn't influence the evaluation
7. check in with employees following appraisal to see how they are responding, in particular whether they feel it was fair and useful

USEFUL LINKS

[Click here](#) to read the complete report 'Could Do Better' by the CIPD.

New Directions offer workshops and consultancy on performance management and appraisal. For more information [Click here](#).

6 Examples of Employee Engagement

Employee engagement is a key driver of success and it therefore needs to be a key business strategy and one that translates into behaviours and culture - it is 'the way we do things around here'. And as there is a direct link between how management treats employees and how employees will treat customers engagement is a strategy that produces results. Six examples from companies that have great engaging cultures give some ideas on what they do and why it works.

TRANSPARENCY

Google focus on transparency. The idea is that by breaking down barriers and fostering a culture of transparency and freedom, creativity becomes a habit. Formalising that people spend 20% of their time doing something outside their normal work function, facilitates a creative culture. Research shows that employees want to be a part of something where there are no hidden agendas and get an honest perspective whether that is good news or not. They then feel valued and engagement typically follows.

FOCUS ON BEHAVIOURS

American Express has, for many years, given equal weighting in their performance system between the goals that people achieve and how they do it. It is not possible to achieve top results, ratings, pay and potential bonus without considering the impact of behaviours. Behaviours impact employees on an emotional level, where much of engagement with an employer happens. Therefore you can't have someone being a high performer but behaving really badly at the

"If things go wrong, don't go with them."

Roger Babson

"The things you do for yourself are gone when you are gone, but the things you do for others remain as your legacy."

Kalu Kalu

"First we shape our structures and then our structures shape us."

Winston Churchill

"Most people spend 50% of their time not just doing their job but fighting their own institutional bureaucracies."

Dee Hock

"There is nothing more practical than a good theory."

Kurt Lewin

Three-quarters of employees crave more freedom at work...

...and more than half (53% of employees) would consider leaving their job if the structure and culture of their organisation didn't change soon.

the Institute of Leadership and Management (ILM). According to their research, lack of employee empowerment is the root cause of much dissatisfaction in the workplace. 74% of staff surveyed said they wanted more freedom in their roles. A third (34 per cent) saying that their work was overly regulated, and that they were forced to work within overly controlled structures.

Employees were searching for how they 'fit in' to their organisation, and, according to ILM - 64% said they struggled to do so. Two-thirds (66%)

same time. High engagement companies rely on collaborative and respectful behaviours.

EMPOWERING

The John Lewis Partnership expresses a strong focus on people, and one obvious way is by referring to their employees partners. And this is not just a token word change; the 89,000 partners also own the business, and the company is reinforcing the shared responsibility for the outcomes of the company. They involve their partners in decisions and solutions, empowering them to create the best customer experience. Again, research shows that employees who are involved in decision making also feel empowered and show high commitment to the organisation.

EMPLOYEE DEVELOPMENT

The Hyatt hotel group is known for its high employee retention and long tenure in an industry known for high employee turnover. A focus on employee development and promoting from within plays a large part in this. Also, they empower their employees work with each other to solve problems and create new solutions for guests, rather than following scripted procedures. Continuous development is not just crucial in order to successfully deal with the constant change all organisations face, it triggers inner motivation that comes from knowing that you're growing and developing, and therefore fosters engagement with the organisation.

PURPOSE

Southwest Airlines see themselves as enablers who help people get to people or places they care about, not just people transporters. This sense of purpose makes a big difference in how important an employee perceives his/her job. It connects emotionally with employees, it engages. Purpose is becoming more and more important to employees. It's no longer enough to "just do a job", people want to make a difference, to contribute to something bigger than themselves - and companies that provide that sense of purpose get high levels of employee engagement.

LISTENING

The multi-industry Virgin organisation makes listening to its employees a habit. As a result they show that employees are valued, their opinions count and their ideas are listened to. It's a win-win; the organisation keeps learning and employees feel important and engage with the organisation. Listening is at the heart of engagement. Everyone wants to be seen and heard - it's a minimum requirement of leadership, yet often overlooked for the immense value it can bring. Employees who feel listened to, want to reciprocate, they want to do their best, because they feel valued and important.

USEFUL LINKS

To read the full blog by Mandy Flint and Elisabet Winberg Hearn on the DMI website, [click here](#).

New Directions offer workshops, webinars and consultancy on employee engagement and performance leadership. For more

of employees reported that they wanted to have a greater say in their everyday working lives, but just 24% said they felt their line managers fostered collaboration.

ILM suggests that overly authoritarian workplaces should be "a thing of the past", but that the findings clearly suggested it was not. According to the report, "people today want to work for flexible, fun and friendly organisations. Organisations need to be flexible, allowing employees to pursue career ambitions and manage conflicting home life pressures as much as possible, and encourage creativity - injecting passion and new ideas into the workplace."

ILM's research joins other studies in showing that bad leadership will cause many to consider quitting their jobs this year. A study by Crunch Accounting found a third of staff plan to quit, with bad bosses cited by 46 per cent of staff at the top reason.

Looking at changes that employees would like to see in their organisation culture, more freedom and flexibility (35%), and being allowed to be more innovative and creative (32%) were the highest reported.

The top answer given to 'what changes would you like to see in your organisation' was getting leaders back on the 'shop floor' more often (31%).

In terms of supply of leadership talent, worryingly only 31% of HR professionals questioned felt confident about their organisation's pipeline in the next 3 - 5 years.

USEFUL LINKS

[Click here](#) to read the full ILM research report

[Click here](#) to go read a CIPD blog on this research

[Click here](#) for information on **New Directions** offers in this field

information [Click here](#).

Public Courses 2017

New Directions runs a small number of public training programmes in association with partners. 2016 dates are below.

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International Oil & Gas Executive Programme

An intensive 5 day workshop in strategic management.

Kuala Lumpur 3-7 April NEW DATE

Kuala Lumpur 24-28 October

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Cuttings

Cuttings is a bi-monthly collection of ideas and comments published elsewhere which have attracted my attention over the past couple of months. It is designed for readers who are interested in individual, organisation and management development and is free. It has been published continuously for more than 20 years by *New Directions*, an international network of consultants and trainers who work together to learn, research, design and provide consulting and training in individual, management, and organisation development.

USEFUL LINKS

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[New Directions website](#)

[Getting Results Without Authority](#)

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