



Performance science fundamentals

Learn the basic principles to creating a better performance management process



CONTENTS

Performance management: What exactly are we talking about?	03
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Shifting to a high-performance learning culture	04
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Separate performance review conversations from development conversations	04–05
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Build a culture of learning and growth	06–08
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Building a Culture First performance review process	09–12
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Many leaders and employees are comfortable talking about developmental opportunities and how they can grow both professionally and personally, yet those same people get anxious and skeptical when a performance review cycle is just around the corner.

Knowing that effective performance management is a necessary part of building and maintaining a successful organization, how can you as a People professional help shift your teams' perceptions and emotions around reviews from one filled with anxiety and resistance to one that is open-minded and, dare we say, even positive?



Performance management: What exactly are we talking about?

Performance management consists of two things that often get conflated: measurement and development.



Where does the tension between measurement and development come from, and what makes performance management so anxiety-inducing?

To answer that question, let's take a look at measurement and development from different perspectives:

Most managers are interested in helping their employees perform and grow throughout the year. During a performance evaluation cycle, they're also focused on meeting compliance requirements, managing employee expectations, and getting the process completed without disrupting work too much.

From the employee perspective, things can feel quite different. Research shows that development and learning are driven primarily by intrinsic (i.e., internal) motivation, yet performance cycles tend to shift employees' focus to external motivators (e.g., a raise or promotion). Employees often feel nervous and potentially defensive during reviews because they're focused on justifying their past performance in pursuit of a higher rating, raise, or promotion...or even just to keep their job. As a result, most employees are not in the proper mindset to talk about their own developmental opportunities and goals.

So, how can you reduce or eliminate this tension and help drive greater productivity and growth?

Shifting to a high-performance learning culture

Organizations who've successfully reduced this feedback tension and shifted to a high-performance culture have done so with a two-phased approach:

01

Separate performance review conversations from development conversations

This reduces the tension between the competing mindsets of justifying previous work vs setting forward-looking developmental intentions

02

Build a culture of learning and growth

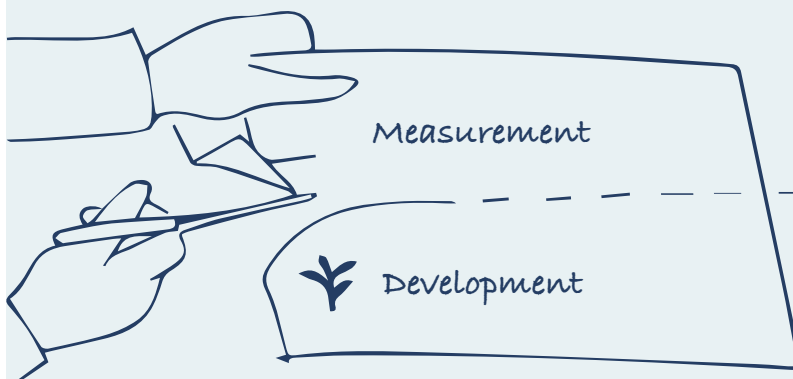
Championing a growth mindset throughout the organization and transitioning from programmatic L&D to a comprehensive learning culture

01 Separate performance conversations from development conversations

While it might be convenient for managers to combine performance and development conversations, many people find it difficult to think constructively and objectively about their future development while defending their past performance. Culture Amp recommends you hold separate, structured conversations about:

- **Measurement** regarding an employee's contribution toward individual and team goals. With a focus on day-to-day tasks, technical proficiency, goal achievement and behaviors outlined in job descriptions, managers make an assessment of the degree to which an employee has been successful. Information from performance conversations is fed into the company reviews.
- **Development** to help individuals understand their own behavior, identify blind spots, and to grow into the type of professional they want to be. The use of peer and manager-requested feedback (separated from consequences) is recommended here.

Decouple the conversations but don't decouple the learnings



Separating the two actually brings them closer together by reducing resistance to feedback and enhancing intrinsic motivation for development.

Remember, you can't elevate performance without improving development.

Developmental conversations should be a natural part of ongoing one-on-one meetings between employees and managers, while compensation and promotional reviews should occur at a set, well-communicated cadence (e.g., every six months). Having more frequent feedback reduces tension and fear while also helping individuals understand how they're performing in relation to expectations.

Further, strategic learning organizations harness performance data to deliver tailored developmental resources rather than more generic, company-wide training. In other words, they use performance cycle data and developmental feedback to help focus and accelerate employee growth.

02 Build a culture of learning and growth

How to: The four key components

- | | |
|----|---|
| 01 | Confirm leadership commitment and resources |
| 02 | Evolve to a growth mindset at all levels
(i.e., believing everyone can grow given the right support) |
| 03 | Create a culture of feedback |
| 04 | Incorporate developmental goals into performance processes |

Component 01

Confirm leadership commitment and resources

The first essential component to improving performance outcomes is creating a culture of learning and growth, and this starts with a visible, vocal commitment from leadership. If your teams don't believe top management supports their growth, most efforts will ultimately burn out.

Component 02

Evolve to a growth mindset at all levels

In addition, helping your people understand that everyone has the potential to improve regardless of their current performance is critical.

About three decades ago, Stanford psychologist Dr. Carol Dweck published her seminal research that consequently influenced both the educational and professional world. In her book, *Mindset: The New Psychology of Success*, Dr. Dweck illustrates two contrasting mindsets that shape people's perceptions on learning and intelligence:

- Fixed mindset, a belief that people's abilities are predetermined at birth
- Growth mindset, a belief that skills can be cultivated through effort and challenges.

Dr. Dweck and her colleagues began by studying the behavior of schoolchildren to understand the range of attitudes about failure. Some children struggled to manage small setbacks, while others rebounded quickly. They found that students with a fixed mindset, believing their intelligence to be inherent at birth, were avoidant of challenges, gave up easily, ignored feedback, and generally achieved less. Those with a growth mindset had a desire to learn, see effort as a path to success, and were more likely to reach higher levels of achievement.

Companies committed to unlocking employee potential are responsible for creating an environment in which a growth mindset can flourish. Doing so empowers employees to be motivated by creating stretch goals, challenging themselves, and continually improving. Further, Dweck's early findings show that companies who adopt growth mindsets have happier employees.

Growth mindset: The power of yet

Fixed	Growth
Individuals are born with a fixed level of intelligence and ability	No matter where a person is now in terms of intelligence and ability, they can always improve
I don't understand	I don't understand yet
I'm not good at that	I'm not good at that yet
I'm failing	I'm learning
I'm stagnating	I'm <i>getting there</i>

Component 03

Create a culture of feedback

As mentioned earlier, a core practice to reducing the awkwardness of performance reviews is to make feedback a frequent, expected part of conversations – not just between managers and direct reports but also between peers. When people see others asking for and providing feedback, learning and growth become the norm rather than the exception.

Component 04

Incorporate developmental goals into performance processes

Finally, measuring and tracking growth is just as important as measuring and tracking performance. “You can’t improve what you don’t measure” is a phrase that’s often used in relation to company culture, but it applies to development, too. As such, many strategic learning organizations incorporate development goals and measurement into their performance systems.

The true objective of performance management is to enable employees to do their best work in the future. Yes, documentation is required for compliance reasons, but the primary goal should be to help employees get better. Remember, your employees want to know three things:

1. How they’re doing
2. How they can get better
3. How they can get promoted

Building a Culture First performance review process

Your opportunity is to support a culture of learning and to put actionable performance data into your employees hands.

Think back to the best performance review you've ever had. Not necessarily the review with the best outcome, like a promotion or bonus, but the actual review itself. Likely, you aren't thinking about an amazing competency framework or performance review tool. Chances are you're thinking about a productive conversation with your manager, one where you were satisfied the process was fair, your manager was supportive, and you knew what to do next in order to excel.

It's worth ensuring that performance conversations are having the right impact. We've found that development is a consistent driver of engagement across industries, and performance reviews play an important role when it comes to employee development.

Regardless of how you measure performance, performance review conversations are often uncomfortable and dissatisfying. As research from [World at Work](#) has shown, 90% of an organization will experience no change off the back of a performance review, so it can often feel pointless.

So, how can you create a **Culture First performance review process**? Can a performance review process be satisfying, meaningful, and worthwhile for everyone in your organization?

Research on organizational justice gives us a better understanding of what drives employees' perceptions of fairness and value, and how these influence employee attitudes and behaviors at work. Originally introduced by Dr. Jerald Greenberg in 1980's, organizational justice works beautifully as a scientific model for creating a Culture First approach to "high stakes" processes like hiring and performance management and consists of 3 key factors:

1. **Process**
2. **Interactions**
3. **Outcomes**

Organizational justice (fairness)

	Process	<ul style="list-style-type: none"> – Are the decision making rules clear and consistent? – Were potential biases acknowledged and minimized? – Did I have an opportunity to voice my input?
	Interactions	<ul style="list-style-type: none"> – Interpersonal treatment: Was I treated with respect and compassion? – Information: Was I informed on how the process works?
	Outcomes	<ul style="list-style-type: none"> – Did I get what I wanted – Was it appropriate and equitable?

It's a common misconception that employees' opinions about performance reviews are strictly based on whether or not they get the raise or promotion (i.e., outcomes) they wanted. To the contrary, **researchers have consistently found that the two most important factors relate to the process itself and how employees are treated.** We're not suggesting outcomes are not important, but rather, that bonuses, raises, and promotions aren't necessarily the path to a performance system your people will appreciate and embrace.

Process & interactions

Outcomes



“People can be disappointed with the **outcome** but still satisfied if the **process** feels fair and they were treated well.”

David Ostberg, PhD,
Director of People Science
and Performance at Culture Amp

Based on these findings, here are five recommendations to create a culture first performance approach:

01

Transparency

Focus on fairness through transparency

Often, employees feel like the performance review process and resulting decisions exist in a black box. Do as much as you can to bring the process and decisions into the open. Publish details about your performance review process on your intranet, announce changes at all hands, include a process flowchart in a new employee onboarding packet – if the process is fair, there is no reason it shouldn’t be transparent.

02

Alignment

Create opportunities for alignment

Build opportunities for managers and employees to talk openly your review process. Ahead of the conversation, have both manager and employee independently complete an assessment of the employee’s performance. Both parties should use the same language and framework. Doing so encourages reflection, provides an opportunity to assess gaps in alignment, and creates transparency. Make sure everyone is empowered to speak openly.

03

Ownership

Facilitate employee voice and ownership in the process and outcomes

Ensure there are opportunities for employees to define improvement areas and contribute to what success looks like. Get feedback on what they feel should be involved in the performance evaluation process.

04

Commitment

Establish clear next steps

This is a crucial step – most often forgotten – that ensures performance reviews aren't a pointless exercise. At a minimum, complete a simple 'stop-start-continue' action plan to clearly define what happens next. Incorporate a section for 'manager actions' that document how the manager will support the employee on their objectives and progress.

05

Respect

Ensure your managers are respectful and supportive

Last but certainly not least, it's critical that your employees feel they were treated with respect, their managers truly care about them, and they were able to maintain their dignity regardless of what the 'outcome' was. Not only is interpersonal treatment important throughout the performance cycle, our data shows that managerial support is strongly related to employee engagement.



A high-performance learning culture is within your reach. Create a better performance review process with clear development opportunities using Culture Amp.

Get started >

cultureamp.com/performance