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Performance Management
Workgroup Report

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Executive Summary

Performance management is a continuous process of communicating and clarifying an employee's responsibilities, priorities and expectations to ensure mutual understanding, thereby adding value to the organization and individual by promoting skill and career development, providing frequent feedback and nurturing teamwork. As University of California progresses toward a merit based system tied to performance appraisals, it is necessary to implement a consistent framework of rules and expectations that all staff and managers can adhere to. The conundrum facing supervisors and organizations in general, especially one as diverse as the University of California system is that while no two employees are alike, it is necessary to have a clear and consistent system of managing performance to ensure fairness for all.

The Council of UC Staff Assemblies (CUCSA) Performance Management Workgroup (PWG) was tasked with researching and evaluating the present methodologies of Performance Management and Appraisal (PMA) currently in place across the UC system. The group solicited information from resources on each campus, as well as online, concerning best practices to inform whether a model can be adopted system wide.

Introduction

In the theoretical world, an ideal machine is one that performs perfectly at peak efficiency all of the time. In the workplace of the non-idealized real world however, employees are neither machines nor are they perfect. Therefore, a system of performance management and appraisal is necessary to maximize employee efficiency while assisting employees' endeavors in the workplace by providing a consistent framework of rules and expectations with a built-in feedback system in place.

The Council of UC Staff Assemblies (CUCSA) endeavored to research and evaluate the present methodologies of Performance Management and Appraisal (PMA) structure across the University of California system wide. The Performance Management Workgroup researched the topic of Performance Management in order to provide information about the potential for a model process or tool that can be adopted system wide to properly evaluate staff.

Problem Statement

One of managers and supervisors most important functions is to oversee resources of the organization, human capital being one of them. Performance management can be used to optimize the productivity of individuals, teams, and ultimately an entire organization. However, it is evident that in the University of California system there is not a uniform approach utilized across campuses, or even across schools within individual campuses. Typically, the process involves a manager completing a performance evaluation form, documenting areas where the employee performs well and where improvement is needed. This assessment aims to align individual goals to the overall goals of the organization, with the intent of retaining the best employees to optimize future growth and sustainability.

However, according to the workgroup's research through campus staff interviews, performance appraisals are inconsistent and often erratic with sites operating almost independently of one another. Campuses have evolved their own unique legacy procedures and practices over the years. More importantly, there is not a unifying philosophy in implementing the various processes in the system. In years where merits are not available, some supervisors do not find the value in providing input or writing a review when the staff person does not get a raise. This is the mindset that needs to be changed because the yearly appraisal is only a small part of managing performance. Rather than thinking of this process as a once a year task, performance management should be thought of as a holistic approach to optimizing human capital that enables an organization to implement short, and long-term results by building culture, engagement, capability, and capacity through integrated talent acquisition, development, and deployment processes that are aligned with the business goals of the UC system.[1]

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[1] A Comprehensive Review of Talent Management Best Practices, OMNI Leadership, page 3, www.hr.com.

The Importance of Performance Management

Definition

According to Indiana University, Human Resources Services, performance management is a holistic approach to optimizing human capital, which enables an organization to implement short, and long-term results by building culture, engagement, capability, and capacity through integrated talent acquisition, development, and deployment processes that are aligned with the business goals[2]. It is an ongoing, continuous process of communicating and clarifying job responsibilities, priorities and performance expectations in order to ensure mutual understanding between supervisor and employee. It involves clarifying the job duties, defining performance standards, and documenting, evaluating and discussing performance with each employee.

In an effective workplace environment performance management includes planning, monitoring, developing, rating and rewarding employees on a regular basis.

- Planning - setting performance expectations that are measurable, understood and achievable. Although staff will be held accountable for the completion of work assignments, plans should also be flexible enough that they can be adjusted as the situation and goals change.

- Monitoring - measuring performance and providing feedback as the goal is achieved. This includes progress reviews, comparing what was completed to what was expected, and determining whether the task was completed according to pre-established standards. When staff are monitored, low performance can immediately be addressed and corrected.

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[2] Indiana University, Human Resources Services, http://www.indiana.edu/~uhrs/training/performance_management/intro.htm

- Developing - the process by which staff's capacity to perform can be increased through training, assigning new tasks with higher levels of responsibility and improving workflows. Providing opportunities for staff encourages improved performance, strengthens competencies and maintains employee morale when changes in the workplace occur.

- Rating - evaluating performance against a set of standards and can include a summary of the staff's appraisal. It is usually based on work performed during a set time period, such as a calendar year, where the rating results in other actions such as a merit increase.

- Rewarding - the recognition of staff acknowledging their contribution to the organization's mission. This can b, formal or informal. Hopefully this also means a merit increase.

By executing the key components of performance management, the University of California can standardize a process that is dependent on the interactions between staff and their supervisors. Further, a properly implemented system will give the organization the following values:

- Focus staff on the organizational priorities and maximizes individual productivity
- Provide a basis for improving the capabilities of the staff
- Align individual efforts with the organization's goals thereby increasing overall efficiency and effectiveness
- Adjust rewards and recognition with performance outcome, ensuring retention of high performers and reducing employee turnover
- Create a document trail that protects the organization from a legal standpoint
- Establish trust and engagement between staff and the organization

Performance Management as a function of Talent Management

Talent management is an important function of an organization's commitment to recruit, retain, and acquire the best available employees in the job market. It describes the organization's dedication to hire, manage, and develop staff at all levels. By correctly managing and directing the current workforce, the University of California stands to either minimize, or eradicate altogether, the need to expend valuable financial resources currently spent on external national staff recruiting.

As a significant aspect of talent management, performance management provides timely and regular feedback and gives the workforce a clear understanding of their job expectation, which enables both management and staff personnel to work toward common goals. In addition, the process provides staff with advice, recommends steps toward improving performance, provides a venue to manage their careers and an opportunity to reap various rewards. The workgroup has

researched the implementation of performance management in various industries and we have discovered that proper execution has contributed to the success of companies by ensuring they recruit, retain, and develop staff who are motivated and are satisfied with their career growth.

Within the next decade, the University of California could experience a shortage of labor for a variety of reasons including the following:

- Decreasing salary structure
- Retirement, layoffs and attrition
- A reduction of the overall benefit structure
- Unclear career opportunities

Research performed by this workgroup suggests that a stable and talented workforce with a clear vision is the answer to UC's efficient succession planning. This enables the UC system to retain staff that is producing quality work, knowing we have the capability of sustaining the organization's productivity, even while replacement staff are being hired.

Performance Appraisals vs. Performance Management

As the workgroup performed interviews of staff, they observed that the terms "performance appraisal" or "performance reviews" and "performance management" seem to be used as synonyms of each other. This is actually not the case. A key difference between these two terms relates to the fact that an appraisal occurs once a year and rates past performance for a specific time period, whereas performance management focuses on improving or strengthening future actions.

Performance management includes a broader scope and includes activities such as continuous feedback, collaboration between managers and staff in determining objectives, a career development plan, and possibly some coaching and mentoring.

In contrast, the appraisal is a part of performance management. It is the mechanism that rates the employee, determines the merit increase for the year, identifies performance issues, assigns goals and helps create a performance development plan.

Implementing a Performance Management Initiative

A performance management system based on the following guidelines would help the University gain the best performance from their staff:

I.   Utilize a standard method to set goals that are aligned with the University of California's mission.
   a. Employee goals should be set at the beginning of the performance period based upon input from the employee and from his/her supervisor.
   b. They should include career development requirements and ensure that the current goals are achievable based on the employee's past performance, emphasizing the behavior rather than the end result. When merit increases occur, reward is then attributed to the behavior, and not tied to the completion of a specific project.
   c. Managers should be aware of what motivates individual employees and phrase the goals and development plans accordingly.

   During the workgroup's research into the current practices system wide, we discovered that supervisory training is not consistently provided. A person may be an excellent researcher or faculty contributor but not properly conditioned for the administrative rigors of being a manager or supervisor. Presently, each campus provides new supervisors a class on how to write and deliver performance appraisals. However, as previously mentioned, performance management consists of more than just conducting a yearly performance appraisal and training should be provided that provides supervisors with the resources and skill-set necessary to better manage performance. This includes training in career counseling, being able to recognize transferable skills and even mentoring and sponsoring. At the San Diego campus, *The Promotion Project* is a program where newly promoted staff receive funding for professional development and training, in an effort to help them succeed in their new roles. Finally, supervisors should remain current on resources, such as courses, available on their individual campuses to help their staff prepare for advancement.

II.   Utilize continuous reviews and feedback throughout the performance period in order to establish a clear understanding of expectations.
   a. Interim reviews can result in updates to the employees' goals and development plan, if appropriate.
   b. Feedback should be constructive and focus on the positive behaviors required rather than the undesired behaviors, otherwise change may not occur.
   c. Suggest a mentor to assist with their development plans to improve their opportunities.
   d. The workgroup initially suggests that supervisors meet with their employee once each quarter, which in some cases would be three more times than is presently occurring.

III.   Perform a mandatory annual appraisal once each performance period, and ensure that managers and campuses are accountable for their completion.
   a. If continuous feedback is constant, the appraisal should only be a formality.
   b. The rating system should be simple but relevant to the organization.
   c. The overall performance rating should be designed by a system wide agreed-upon formula from several sources, instead of only from one person. We suggest tools like the peer review, a 180 or a 360 review.

As noted previously, the appraisals' accuracy can be a function of the supervisor's expertise in performing the appraisal, and the time allocated to complete them. We must allocate sufficient resources to train supervisors and allow them the time to complete them. Failure to do so will result in inaccurate ratings, or the process becoming a perfunctory exercise, neither of which adds value to the individual employee or the UC system.

IV.   Implement an automated system to simplify tasks such as the following:
   a. Provide both staff and supervisor with access to their goals and targets in real time. This does not have to be a sophisticated system and can be as simple as a shared google docs folder.
   b. A calendaring system that reminds both parties when it is time to schedule an appointment with each other, provide input, and send reminders.
   c. Provide training in an alternative method such as online. For example, the Santa Cruz campus provides an online interactive class on fair hiring. The training is engaging, fosters learning and ensures that the participant leaves with a comprehensive understanding of the information presented. Having it online makes it constantly available and can be retaken as a refresher whenever the supervisor needs to hire another staff person.

Further, an automated system will establish the following:
- Create consistency of format and instructions for performance evaluations
- Establish core performance competencies
- Utilize a formal goal setting/tracking mechanism to move forward goal-based performance and development planning
- Maintain a performance record in one, easily accessible location for staff and supervisor.[3]

In order for managers to be able to focus on developing their staff, the automated system must take care of the mundane administrative actions. One such system - the Halogen Software Program - was introduced to the HR Leadership team at UCOP for the

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[3] HR Performance Management Project Executive Summary, May 17, 2010.

performance period July 2009 to June 2010. This software was subsequently implemented and used by all department staff in the 2010-11 and 2011-12 performance periods. Feedback from UCOP about this system stated that the software was easy to use and provides calendar reminders to both employees and their supervisors when tasks were due. It also gave them a single location accessible for both staff and supervisor and provided electronic recordkeeping with the ability to generate reports on user activity. Lastly, the system supported UC's "green" initiatives as a result of less printing and decreased use of paper products.

While this was an adequate system to use in a small location such as UCOP, one of the challenges that Halogen had was its inability to import current employee records automatically from the current human resource information system or payroll personnel system. As a result, this limited the use and evaluation of the program until other options present themselves, after the implementation of UC Path (Oracle/PeopleSoft payroll system and related HRIS capabilities). The software is also not able to scale across multiple locations.

V.   Implement a culture of mentorship and sponsorship as a way to foster career development

A vital aspect of talent management is the process of recruitment. When the right person with the best qualifications is chosen for the job, he or she will most likely succeed in the UC system. This begins with hiring committees being able to understand the requirements of a position and select the most qualified candidate to fit the job description. Once an employee is hired, the process of retaining them depends on their career development and growth they experience once in the system. An effective mentorship and sponsorship program can help retain and motivate current staff.

Mentorship is a professional relationship in which an experienced person, the mentor, assists another, the mentee, in developing specific skills and knowledge that will enhance their career growth.[4] The process is more about coaching and counseling, not formal training. The mentor serves as someone who can help the mentee maneuver the frustrations of the job, be available to give constructive criticism, give encouragement when disappointments arise and essentially be the compassionate shoulder. They facilitate the mentee's growth by sharing resources and networks, challenges the mentee to expand beyond their comfort zone, or create a safe learning environment to try a new skill. Mentorship programs are currently available in many areas of the UC system where "graduates" of the program become mentors themselves.

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[4] http://www.management-mentors.com/resources/corporate-mentoring-programs-faqs/#Q1

While having a mentor is outstanding, and staff should take advantage of their local program, having a sponsor is even better and the two can go hand in hand. The main contrast between a mentor and a sponsor is that the mentor provides you answers on how to navigate the organizational environment, whereas the sponsor helps you get there. The sponsor will be the person who can put in a good word for you when an opportunity arises. They are the ones who can give another manager their personal assurance, vouch for you, place you in situations that expose your abilities and provide you with opportunities. Sponsors use their reputation and their network to add legitimacy to your skill set. Unfortunately, sponsorship is not a widespread activity in the UC system.

The most effective sponsors are senior leaders who have the political influence to successfully advocate for an individual's advancement. In a 2006 article of "Working Mother" magazine called "Sponsors, the über-mentors", the author discusses the importance of sponsorship in helping women break through the glass ceiling into executive leadership positions. A December 2010 survey conducted by the Center for Work-Life Policy called "The Sponsor Effect: Breaking Through the Last Glass Ceiling", noted that qualified women with ambition are not as successful in advancing their careers, because they do not have a sponsor to drive them through the system. This is particularly evident in underrepresented groups who are often missing the element of having a colleague with the required clout to communicate their strengths and have the proper level of authority.

With this type of culture, career development and recruitment happen internally. When a position becomes available, the natural search comes from within. When staff are appropriately trained and are ready to take a job at the next level, the UC system will have the bench strength to endure market downturns, reductions in funding and yet continue to meet the organization's goals while enhancing diversity, reducing turnover, as well as expanding goodwill and loyalty.

VI.   Implement a process of accountability and compliance throughout the system.

According to the UC System-wide Performance Management Review Plan released in January 2012by Joe Epperson, UCOP Director of Employee Relations, the assessment of and compliance to performance management processes is an essential step in opportunities to improve the efficiency and effectiveness of UC operations. The plan was designed to "ensure that the University of California has sufficient oversight, management structure, and performance management tools and processes to assure that employees are evaluated in accordance with UC Policy, in a way that affords fair and consistent assessment for all

employees, and promotes equal opportunity for development, promotion, merit pay, reward and recognition."[5]

The review action plan includes the following:
- The implementation of processes to ensure timely performance appraisals
- Collaboration with CUCSA to document campus performance management process
- Collaboration with Chief Human Resources Officers to implement best practices
- Conducting annual review of performance management processes throughout the system
- Annual sampling of campuses to confirm compliance of written performance appraisals
- Reviewing performance evaluation tools at each campus
- A visit annually by HR Compliance staff to campuses to assess compliance to performance management policies and processes.

While the plan outlines specific steps in assessing and gathering information, it does not include, or propose, a compliance accountability action plan. An integral component to this process is to ensure adherence to UC policy. However, once the Performance Management Review Plan is implemented across the UC system and the report outlines the general observations, as well as identified the associated risks, it is anticipated that management will derive a course of action that will hold these non-compliant campuses accountable.

CUCSA recognizes and supports the Performance Management Review Plan thus far, however, two additional components are being strongly suggested:

- A compliance accountability action plan
- A management response action plan included in the report to the Vice President of Human Resources

In addition, performance management should be seen as a valued responsibility performed by those who are accountable for the ongoing development of others. Both the supervisors and staff should be encouraged and recognized for timely compliance of their self-evaluation and submitting performance evaluations of their staff. It is especially important that all areas of the leadership structure appreciate the completion of timely feedback and career development. Furthermore, performance management of staff should be a measurable part of a manager or supervisor's position description. The Performance Management Workgroup suggests that there should be feedback and a review process that

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[5] Epperson, Joe, UC System-wide Performance Management Review Plan dated 1/11/2012

assesses and rewards those who can perform this responsibility and manage those who might need training in the area.

VII.   Ensure that the process is well documented and easily visible to all

Performance management documentation is often unclear or not easy to find. The workgroup found that they have to dig through layers of websites and do multiple searches for keywords that may not necessarily take them to the correct location. There is little uniformity in the way in which the information is presented or defined. This makes it difficult for supervisors and staff to find what they are seeking and how best to support staff.

Information must be presented to staff and supervisors in a manner that is consistent, clear, and easy to access.

Roadblocks to Success

As previously mentioned, a properly implemented performance management system will help the University of California develop the talents of their staff, providing clear direction and expectations thereby increasing the ability of each employee to contribute to the organization's success. However, the following situations can potentially be a challenge to successful implementation:

- Lack of support and enforcement in different areas of the system

    Because Performance Management is on President Yudof's "project tracker", CUCSA is aware that this initiative is supported at the highest level. However, support and buy-in needs to happen at all levels of the system. Managers need to commit to performing this process, and staff should be engaged by owning their career and utilizing all the resources available to them.

- Resistance to change and lack of cohesion at all levels of the system

    When change occurs, people who do not understand it tend to resist, preferring to retain their status quo. As a supervisor, the appraisal itself can cause anxiety, especially if they are delivering a less than stellar review. They fear that they will offend the person being evaluated or they will have to justify their opinions with examples of behavior or even that they lack the skills to effectively perform the appraisals.

    To reduce the uncertainty, fear and anxiety when this process is implemented, a system wide communication needs to occur to inform the staff how this can benefit them in the long run. In addition, all areas need to support this process including not only the manager and employee but also other business units in the organization such as human resources. The organization must act as a cohesive unit from the beginning showing their support of this process. The performance management conversation can be very personal and there needs to be trust between supervisor and employee. This can take a long time especially when the supervisor is not trained to have this type of conversation and staff are not equipped to provide direction on their career. Benefits of this type of system should be clarified, allowing managers to engage their direct reports in a systematic approach of planning and implementing the process, and appropriate documentation should be readily available.

- Inadequate preparation, documentation and training of all parties involved

It is equally important to have managers stay current by learning new skill sets necessary to clearly understand how to develop performance indicators, assess key results and be aware of core competencies. They also need to communicate feedback and expectations, as well as monitor and evaluate processes. Staff will require additional training to understand the complexities of completing self-evaluations, to make decisions on the direction they wish to pursue in the UC system and to help create their own plan of action.

● Lack of integration throughout the system

All campuses have their individual processes. For example, there is no unified payroll system that the entire system utilizes. Furthermore, the payroll system is not integrated with the HRIS system, nor in some cases, can information be shared between the two. The campuses need to agree that a unified process will be the best way to manage performance across the system. This does not necessarily mean that an entire all-in-one system should be implemented across the board. Rather, the locations should find a way to leverage one unified process for payroll, or a reminder system, for example, but ensure that those systems can communicate and share data with each other readily.

● Uneven application of process and measures

When there is a four-year gap between salary increases, as recently occurred for the non-represented UC staff, the mindset of a supervisor is to give the staff a raise. However, when merit is based on performance, the supervisor may tend to give an "Excellent/Consistently Exceeds Expectations" rating in order to ensure their direct reports realize a salary increase across the board. Also, the UC culture is ingrained to believe that a "Meets Expectations" or "Satisfactory" rating is not considered a good performance review, especially when staff personnel in different departments receive better ratings, but perform the same level of work and meet the same expectations. The same standards of applying the rating should be set across departments for the same type of work.

● Lack of reward or incentives

Due to economic downturns over the last several years, merit increases are not as readily available on a yearly basis. As a result, supervisors may not be motivated to perform an appraisal unless there is a reward for the employee. When there is no feedback for several years, the evaluation tends to miss accomplishments during the earlier time period and highlights achievements closer to present day. This does not paint a realistic snapshot of the employee's contributions over the review period. This situation becomes more complicated when the employee is not motivated or equipped to participate in his/her evaluation.

Conclusion

Performance management practices are not necessarily always in place, even in large organizations like the University of California. Our research shows that individual campuses have integral parts implemented, but not a consistent approach of managing employee performance throughout the system. In order for the UC System to successfully recruit and retain staff, it is imperative to properly manage and engage the current workforce by providing them with challenging work, ample career opportunities and development, and by providing staff with the tools they need to improve overall performance.

As such, the University would be well served by implementing a Performance Management Initiative with the following best practices:

- Create a standard method of setting goals that are aligned with the UC mission
- Provide continuous reviews and feedback at least once each quarter, while establishing a clear understanding of expectations
- Require an annual appraisal of each employee
- Implement an automated system to simplify tasks like reminders and provide a storage area of the appraisals for easy access
- Create a culture of mentorship and sponsorship to foster career development
- Ensure accountability and compliance throughout the system
- Properly document the process where it is easily accessible for all parties

As the University of California moves toward a merit based compensation system, and salary increases are tied to performance, it is of the utmost importance to implement a process that enhances the retention of staff who are the best in this industry. Successful use of a performance management system will enable us to improve program delivery, increase employee engagement, and improve productivity. In addition, the process will focus staff back to organizational priorities, aligning individual efforts toward the University's goals, provide managers and staff with a documented basis for improving capabilities, and help to adjust our current reward system to recognize high performers. Lastly, this process is in accordance with the University of California's Talent Management mission as established by the Leadership and Development Consortium.

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