Improvement required A mixed-methods study of employers use of performance management systems

1 October 2018

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This paper is not intended as guidance from Acas about the effectiveness of performance management systems.

Executive summary

Background

Performance Management (PM) systems are the processes that aim to maintain and improve employee performance in line with an organisation's objectives. They provide a strategic as well as operational function insomuch as they seek to ensure that employees contribute positively to employer objectives. Their different functions reflect the variety of approaches to PM system design across the public, private and voluntary sectors.

In recent years, the relevance of PM systems has been called into question, set against the context of changing business models, workplace structures, technological developments, patterns of workplace conflict and the needs of a diverse workforce. This research fills a gap for cross-sectoral evidence on how organisations are approaching performance management and their interests and approaches to designing and re-designing PM systems.

Research design

This research set out to distinguish and critically appraise the different performance management processes that are commonly used across organisations of different sizes and sectors, and to identify the principles and values that have application in different PM systems. Additionally, it sought to identify the considerations employers are making when choosing which PM processes suit their needs and best practice for implementing new processes and reviewing existing arrangements.

The complexity of these research questions called for a mixed methods research design, including a quantitative survey of HR and general managers (n=1003), to identify patterns and prevalence of PM systems across the UK, and a deliberative event (n=48), comprising a series of workshops in which participants (all employers – mostly senior HR staff – responsible for implementing PM systems, from a range of organisations) discussed their underlying motivations and beliefs. Following the event, two case studies were

conducted to gain deeper understanding of the perspectives of respondents from small organisations in the public and voluntary sectors specifically.

Key findings

Detailed findings from the deliberative workshop and case studies are presented in Chapters 3 and 4 respectively. Analysis of workshop findings reflects the composition of the groups: a range of large and small, public, private and voluntary sector organisations, in each case self-identifying as using 'formal or appraised-based' or 'less formal or non-appraisal based' PM systems.

Analysis of survey findings focused primarily on the differences between organisations with what are termed 'highly formalised' PM systems (meaning systems that include performance ratings, personal objectives, annual appraisals and performance development plans) and those with 'less formal' PM systems (meaning systems not including all 4 of these components). Survey data was weighted by organisational size and sector to be representative of the proportion of organisations in operation across the UK.

The use and purpose of PM systems

Our research found:

- a large majority of organisations (84%) do not use any kind of PM system, 76% of whom determined that they did not need one, while just 6% would prefer to have one – smaller businesses were especially prone not to operate a PM system
- of those who do operate a PM system, most (85%) have 'less formal' systems, with just 15% using 'highly formalised' systems – the use of these 'highly formalised' systems was more common in the private sector and among large organisations
- 3 broad values were seen to underpin all organisations' PM systems, across the deliberative workgroups, broadly irrespective of size, sector and system design –consistency, transparency and fairness
- large, private sector organisations similarly placed a high value on confidentiality and trustworthiness within the PM system, whereas small firms emphasised the importance of a PM system that protected the organisation from legal disputes with employees
- when asked to say what PM systems are specifically used for, a broad range of activities were reported – most common was planning talent and career development (16%), setting individual targets, monitoring individuals' performance against personal objectives and improving productivity (11% each)
- determining pay and bonuses was not prioritised by survey respondents, with only 8% using it to determine base pay and just 1% using it to determine bonus awards – conversely, in the deliberative event, this emerged as an important underlying factor among larger, private sector workplaces, being heavily bound up with the overriding need to have a standardised PM system that allowed for differentiation between employees' performance
- all organisations represented at the deliberative event prioritised identifying training and development gaps as being among their PM system's key purposes
- participants from large, private sector organisations reported that the PM system should support employees via mentorship and coaching, to ensure staff development – this view was similarly illustrated by the small, voluntary sector pen portrait, where employee development was seen as a defining principle of performance management, however, only 10% of survey respondents identified planning development and training opportunities as something for which their PM system was used.

The components of PM systems

Although the different components of PM systems were shown to vary, some practices are widespread:

- one to ones between managers and staff formed part of almost everybody's PM system, even if the frequency of delivery varied; most survey respondents' PM systems operated a system of annual or biannual one to ones with staff to assess performance (33% and 32%, respectively) – all the organisations represented at the deliberative workshop similarly endorsed the practice of having one to ones as a tool for documenting and recording evidence of performance

- half of survey respondents (53%) are reportedly happy with the current frequency of one to ones, although 28% would prefer to have individual meetings slightly more often – only 6% stated their preference to meet less frequently
- survey and workshop data both point to the fact that digital PM systems are already being implemented in many organisations; in the survey, 60% of respondents confirmed using PM systems that were at least partly online-based –these respondents either judged that online systems are just as useful to an organisation as offline systems (36%) or more useful (59%) and online systems were said to be just as conducive to effecting dialogue between employers and employees (43%) or more so (47%)

- notwithstanding broad support for online systems, a critical design feature that organisations commonly highlighted as being a performance management challenge was the lack of a quick, user-friendly interface for their online systems, especially among larger firms

- a strong emphasis was placed on employee self-assessment as the main source of evidence within the PM systems, although top-down managerial feedback was also highly rated. Data from the deliberative workshops suggests that capturing self-reported employee feedback was not valued as a method for documenting performance

- given this onus on line managers, the importance of supporting them through provision of adequate training and sufficient time and resources in order that they capture feedback appropriately emerges as a key approach for improving performance management delivery, however, the survey evidence indicates that provision of such support is highly variable

Support for current PM systems

Our research found that:

- PM systems were generally valued for contributing positively towards organisational performance, noted across survey responses and workshops and illustrated by the pen portraits – a majority of all survey respondents (57%) determined that their PM systems currently work well, with only 4% stating that their existing arrangements do not, suggesting a general level of (moderate) support for the status quo
- 60% of respondents judged that their PM system was a 'good way to improve performance' albeit 9% reported that it actually had a negative effect in this regard
- while 59% felt that employees were 'strongly motivated' or 'somewhat motivated' by the PM system, almost a third deemed that it had no effect on motivation whatsoever (31%) and 11% called it 'demotivating', suggesting a very mixed picture around the role of PM systems in engaging and motivating staff
- many event participants pointed to a lack of consideration for training during the design phase of the PM system and noted that this had led to poor outcomes at the point of implementation – furthermore, using PM systems to improve employee motivation was not prioritised in the survey data, suggesting a possible misalignment between managers' efforts to enhance workplace effectiveness and their conception of the kind of arrangements that lead to high-performing staff

Reviewing and updating PM Systems

Half of respondents (52%) reported that their PM systems had been reviewed in the last 1-3 years. Of these, 50% were actually changed as a result: 35% of these were simplified, 21% saw the introduction of training for line managers, and 27% involved the adoption of competencies for the PM system.

Organisational reviews of PM systems were most likely to be said to happen on an 'as required' basis (reported by 41% of participants), although 35% undertook an annual review to ensure that the PM system was still meeting its aims and goals.

In assessing how well PM systems are working, 36% of respondents reported collecting regular survey data on staff satisfaction with performance management and 38% reported that employees could report their concerns to HR. A similar proportion (41%) did so by checking overall performance of the organisation against targets. While it follows that that feedback is being collected on PM systems, it is possible that this information is being used to determine whether or not a more formal review is 'required'.

Time spent using PM systems

The time spent using the PM system emerged as an area of shared concern for some managers: nearly a fifth of survey respondents (18%) reported that they spend too much time in this way, rising to a third among those using highly formalised systems (32%). This was illustrated by the small, public sector pen portrait, where performance meetings were said to be too frequent; so much so that they limited the time available for actually meeting targets and objectives.

Despite highly formal systems being perceived as more time consuming, these PM systems were celebrated for being procedurally fair, with consistent processes and controls that were valued by employees.

Furthermore, survey data indicates little appetite for fewer performance management meetings across the board, with only 6% of respondents stating any desire to have meetings less frequently.

This aligns with a view that was in evidence across the deliberative workshops, where individuals reported moving towards more frequent and flexible but less formal performance management meetings (rather than 'stockpiling' problems for annual consideration at yearly reviews).

However this shift was not exclusively viewed positively, and raised questions about work-life boundaries and the effectiveness of less formal reviews for improving performance.

Fairness, tailoring and working with employees

More than half (55%) of organisations in the sample had a recognised trade union or employee representative body (ERB); however in only 21% of cases were these groups said to have been involved in designing PM systems (49% reported no involvement, and the remainder were unsure).

Two-thirds of respondents (65%) had a written statement or policy document setting out what the PM system in the organisation is designed to achieve. Of this group, over three-fifths made the policy available to all employees (62%), with a further 21% making it available on request; 18% of organisations with a policy did not share it with their employees at all.

Attitudes towards adjusting and customising PM systems to accommodate different groups of employees varied significantly: half (50%) said that their system was customised for people with flexible work arrangements, such as part-time workers. But only a quarter of respondents (26%) were able to confirm that their PM systems included the option to customise for staff with special needs, disabilities and neurological conditions (the majority being unsure on this point).

Negative attitudes characterised several workshop groups; participants from small, private organisations using less formal systems felt strongly that customising PM systems for specific groups of staff was itself unfair for "everyone else". Many large organisations, however, promoted the notion of fairness and personalisation of standards and objectives for individuals.

63% of survey respondents judged that their PM system was 'a fair way of assessing performance regardless of employees' race, gender, age, and personal characteristics', with only 4% disagreeing with this statement to any extent. The remaining 34% were ambivalent.

Future trends

Findings from both the workshops and survey point to the rapidly growing importance of digital PM systems, with a large proportion of respondents already using online-based systems. More streamlined administration processes, better storage of PM evidence for defending future legal disputes and younger workforces eager for integrated technological systems were all identified as driving the shift towards digital PM system design.

Our data suggests that use of specialised apps and remote digital tools that can be used on laptops, smartphones and tablets will help promote more continual, 'soft touch' monitoring of performance, in some measure negating future need for top-down annual performance appraisals.

This shift towards more ongoing, regular performance feedback aligns with an additional trend that was discussed, around the frequency and formality of performance management meetings. Workshop participants expressed eagerness about the prospect of line managers building better relationships with staff, facilitated through more informal management approaches punctuated by more regular, less formal meetings, rather than relying on annual appraisals as a mechanism for improving staff performance and motivation.

Conclusions

Our findings raise concerns that too many organisations give too little space within their PM systems for motivating and developing staff. Employee motivation and wellbeing are leading drivers of organisational development and there is a strong case for PM systems to be rethought and redesigned in order to have greater focus on these areas.

This study highlights some of the important performance management challenges that organisations currently face. Its findings draw attention to several areas of concern regarding the implementation and delivery of PM systems in British workplaces, such as the time-consuming nature of performance appraisals, the need for more and better PM systems training for managers, as well as the persistence of retrograde attitudes regarding the management of employees with additional needs, including disabled staff.

In order to support organisations in establishing effective PM systems that benefit both employees and organisations, more personalised support is needed to improve how performance management is delivered within British organisations. In addition to comprehensive training for managers and HR specialists, best practice advice in the form of straightforward reference materials should be made available to employers. This, alongside proper training, has strong potential to help modernise PM systems and increase their fairness and inclusivity.

1. Introduction

1.1 Research context, rationale and aims

Performance Management (PM) systems are the set of processes that aim to maintain and improve employee performance in line with organisational objectives. They provide a strategic as well as an operational function, aimed at ensuring alignment between employee work plans and the goals and direction of the organisation. There are a variety of different approaches to PM systems in the public, private and voluntary sectors. Systems vary by formality and are often adapted to match organisations' size or operational focus.

NatCen was commissioned by Acas to carry out research into PM systems, in the context of recent changes to how these systems are being used by employers. Current debates on PM systems have focused on growing uncertainty about their relevance and value, with attention drawn to prominent examples in the private sector of large companies moving away from appraisals and performance ratings – 2 of the defining features of traditional, formalised PM systems – in favour of a variety of different processes (see 'The Performance Management Revolution', Harvard Business Review 2016).

There has been a change in expectations about what kind of PM systems work well, but also a discussion around the impact of the different systems on employees and workplace relations, and their capacity for aligning individual with organisational objectives. The

relevance of PM systems in particular, is called into question in the context of changing business models, workplace structures, technological developments, the rise in conflict associated with PM systems, and our increased understanding of the needs of a diverse workforce (including but not restricted to workforces that are neurodiverse) - see 'Neurodiversity at work', National Institute of Economic and Social Research.

Furthermore, this context of change extends beyond the private sector, with four government departments (HMRC, the Department for Work and Pensions, the Ministry of Defence, and the Home Office) having announced changes to the way they manage employee performance. The withdrawal of forced ranking across the senior Civil Service has been a key driver for departments to also remove their guided distribution systems. A fresh emphasis has been placed on PM systems that operate as a developmental, two-way process – rather than top-down, pay-focused approaches – as part of a wider move towards granting more flexibility for departments to (re)design their own PM systems. These changes draw attention to the need for a discussion of the role of performance management in the public as well as the private sector.

Research in this context is necessary given the dearth of cross-sector information on how organisations approach performance management, and their interests and approaches towards PM system re-design. While there has been a broad discussion about the growing shift towards using more 'informal' PM systems, questions remain about what this will mean in practice and how this affects other areas of employment relations.

Employers and employees need clarity on how different PM systems work in reality, and what some of the practical considerations for each type of system would be. For example, as new online PM systems are developed which can record employee engagement electronically and monitor performance patterns across an organisation, there is a need to understand what effect this might have on HR and people management. This particular research is not concerned with wider HR policies and focuses specifically on the role of PM systems.

The findings from this research will not only help Acas to evaluate these new systems and inform its new guidance in this area – and future good practice service delivery – for employers, but also guide Acas in terms of redesign of its own PM system.

1.2 Research questions

The aims of our research were to address the following questions:

- what types of formal and informal performance management processes are commonly used across different sectors, industries and organisation sizes, and what are their merits and limitations?
- is it viable to identify a series of principles or values that apply to all PM systems, in the knowledge that no one-size will fit all, which should take priority – best practice or 'best fit'?
- what should an employer consider when choosing which process best suits the needs of their organisation?
- what is the best approach to implementing a new performance management process within an organisation – both where there is no existing scheme, and where a transition is required?
- what questions should employers ask when routinely reviewing their current PM systems?

1.3 Methods

In order to answer these research questions, the study involved mixed methods research methods:

1. A quantitative survey of HR and General Managers to gather information on different approaches to performance management being used in the UK, using an online panel. Questions focused on the types of PM systems that organisations are using and their views on these systems.
2. A deliberative qualitative research event with employers from the public, private and voluntary sector to discuss their own PM systems, what informs them, what some of the key elements involve and what the issues are around designing and implementing such systems.

Data from the survey was used to identify patterns and prevalence of PM systems across the UK, while the event itself was held to probe employers' underlying motivations and beliefs. Using these 2 methods for the study has provided us with a range of insights into these 2 areas of interest.

1.3.1 Survey

The survey had a 10-minute completion time and featured 30 questions. Respondents were pre-profiled panellists who were identified as working in HR or as a manager or higher in their company, working across a variety of sectors, industries and size of organisation. Analysis of survey data has been largely descriptive, focusing on analysis by key characteristics such as organisation size and broad industrial sector.

1.3.2 One-day deliberative event

A one-day deliberative event with 48 employers from the public, private and voluntary sectors was held in February 2018. A deliberative event is comprised of a series of focus groups on similar topics or issues, allowing participants to discuss and develop their ideas over the course of the day. The event was held in Birmingham as it has the biggest economy outside of London, and was recently reported as the fastest growing economy outside of London.

The primary sample criteria included size, sector and type of PM system used. Quotas were agreed for each characteristic to ensure the structure of the sample achieves the required coverage. Seven NatCen researchers attended the event with one facilitator per group. Each facilitator, with permission from participants, used an encrypted digital recorder to record group discussions, as well as taking detailed notes.

The focus groups used a topic guide to facilitate discussion in 3 separate workshops, the content of which are displayed below.

Deliberative event workshops

Workshop 1

The purpose and need for PM systems: the reasons behind PM systems.

What do PM systems look like? Identifying the key principles and components of the employer PM systems, the steps, the approaches and the channels used in each component. Do they work?

Workshop 2

Exploring main issues and challenges in relation to PM systems. This includes identifying what works well and less (including possible solutions) in designing and implementing PM systems.

Views on Acas's draft guidance: Consider 2 or 3 straw man elements – reaction and critique

Workshop 3

Future directions for PM systems. Revisiting the purpose of PM systems with a view to identifying future trends in the design and implementation of PM systems, including what motivates, is perceived as valuable and concerns participants.

Exploring how Acas can best support organisations. Here the focus is on how Acas can present its guidance and promote it in a way that helps. What other support could Acas provide?

Qualitative data from the deliberative event was analysed using NatCen's framework approach, which facilitates robust qualitative data management and analysis by case and theme within an overall matrix. Matrices were developed through familiarisation with the data and identification of emerging issues. The team then established the range of circumstances, views and experiences, identifying similarities and differences and interrogating the data to seek to explain emergent patterns and findings. This was also triangulated with flipchart notes that researchers took during the event.

1.4 Report structure

This report will discuss the findings from the 3 elements of research in turn.

Section 2 covers the survey findings, presenting a descriptive overview of the results, together with bivariate analysis that explores differences between 'formal' and 'informal' performance management systems and considers associations between certain organisational characteristics (size, industrial sector) and how systems are used.

Section 3 addresses the findings from the deliberative event workshops by considering employers' views on the theoretical foundations of PM systems, the practical challenges for designing and implementing PM systems and finally looking at future trends. This section concludes with a discussion of Acas's role in supporting good PM system design.

Section 4 reviews 2 pen portraits used as case studies for small, public organisations and small, voluntary sector organisations, recruited from participants who attended the deliberative event and presented here to illustrate in greater detail some of the themes from the event.

Finally, section 5 concludes with a synthesised summary of the findings, considering implications for policy and practice and making some observations about the future.

2. Survey findings

An online panel survey of UK organisations was conducted in March 2018. The data from this survey are reported in this chapter. The full survey data tables are presented at Appendix 33. The survey sought to determine the prevalence of the types of PM systems that organisations use across the UK and enumerate employer views and experiences of using these systems. To this end, 1,003 panellists were selected by Research Now, an online market research agency. These were pre-profiled panellists who were identified as working in HR or as a manager or higher in their company.

2.1 Survey methods

Weighting of the sample

The sample was weighted by organisational size and sector to be representative of the proportion of organisations in operation across the United Kingdom using the ONS data on UK business; activity, size and location (2017). This ensured the data was adjusted to overcome the over-representation of the public sector and large sized companies and the under-representation of private, small organisations.

Where sub-group analysis is reported, it should be noted that due to weighting, the effective base sizes are relatively small, resulting in large confidence intervals. Where differences are reported between one sub-group and others, unless otherwise stated, the finding is statistically significant (p<0.05 meaning we can be 95% certain that the finding is an accurate estimate of the population). Further details are given at Appendix 3.

Types of PM systems used by survey respondents

The initial results of the survey were used to derive new variables, which served to differentiate those panellists with highly formalised PM systems from those with less formal PM systems – a key analytical break for this study. Simply put, this was done by separating respondents according to whether or not they use performance ratings and objectives-based appraisals (2 defining features of a 'formal' PM system, as traditionally conceived).

More specifically, respondents who confirmed that their organisation used a PM system were asked whether it 'includes a process for giving employees performance ratings' [CQ3], with 3 possible response options:

- no
- yes, with forced/guided distribution among the different performance categories
- yes, but without any forced/guided distribution among the different performance categories

Those answering 'no' to this question were classified as having a 'less formal' system. Respondents answering 'yes' (either with or without distribution) were routed to a further question (CQ4) which asked them to specify which activities and processes were used as part of their PM system. Only respondents who indicated that their PM system used all 3 of the following processes were coded as having 'highly formalised' PM systems:

1. Assessment against personal objectives [CQ4_1]
2. End of year performance appraisals/reviews [CQ4_3]
3. Performance Development Plans (PDPs) [CQ4_5]

Anyone whose organisation used just 1 or 2 of these features was classified as having a 'less formal' PM system (alongside those panellists who had previously indicated that their PM system did not give ratings at all). Only significant findings were included in the report unless otherwise stated. Where differences are reported on in the text between one sub-group and others, unless otherwise stated, the finding is statistically significant ($p<0.05$; meaning we can be 95% certain that the finding is an accurate estimate of the population). Where sub-group analysis is reported, it should be noted that due to weighting, the effective base sizes are relatively small, resulting in large confidence intervals.

2.2 Characteristics of survey respondents

Respondents' personal characteristics were examined to show their age, gender, job role and proximity to HR. There was a fairly even spread of genders, job roles and ages, although most respondents did not work in HR directly.

There were 1003 respondents to the survey, 62% of whom were male and 38% female (Figure 2, Table AQ1). A variety of ages were represented; ONS data from 20185 determined that 75% of the labour market is aged 16-64, whereas 87% of survey respondents were aged 18-64 (Figure 2, Table AQ2). The use of an online survey platform may have resulted in the underrepresentation of over 65 year olds in the survey (13%) compared to these national estimates (25%). Managerial roles were highly overrepresented in the survey compared to national levels (Office for National Statistics. 2017. EMP04: Employment by occupation) however this is due to the inclusion of managerial roles as sampling frame criteria. The most commonly held job role for survey respondents was 'Director' and 'Managing Director' (45% combined), with 'Senior Manager' and 'Manager' accounting collectively for 17% (Figure 2, Table AQ3). Notably, only 4% of respondents themselves worked directly in an 'HR' role. It is important to note that the smallest organisations may not have a separate HR function, which may explain the low proportion of respondents working in designated HR roles (Figure 2, Table AQ6).

Figure 2: characteristics of survey respondents – tables AQ1 (gender) and AQ6 (work in HR)
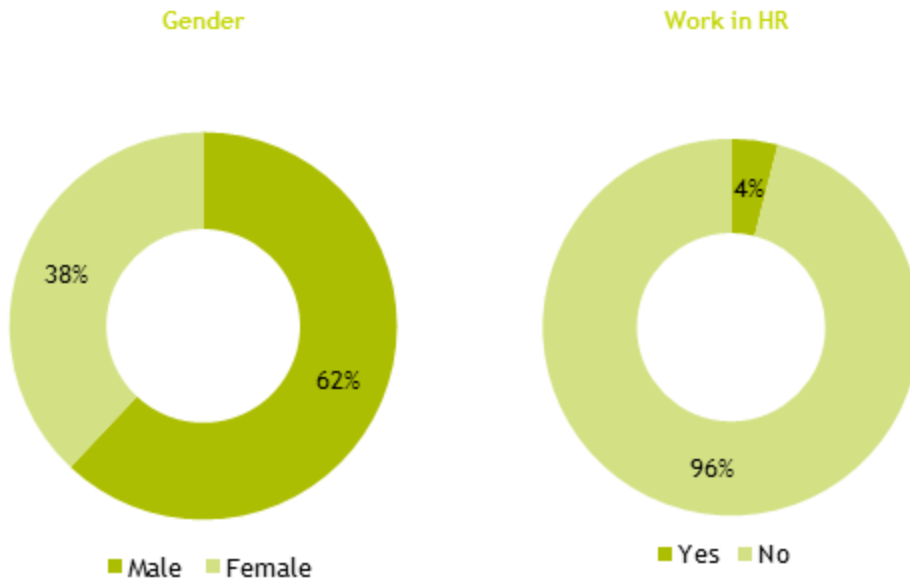
Gender

Work in HR

Figure 2: characteristics of survey respondents – table AQ2 (age)

Age

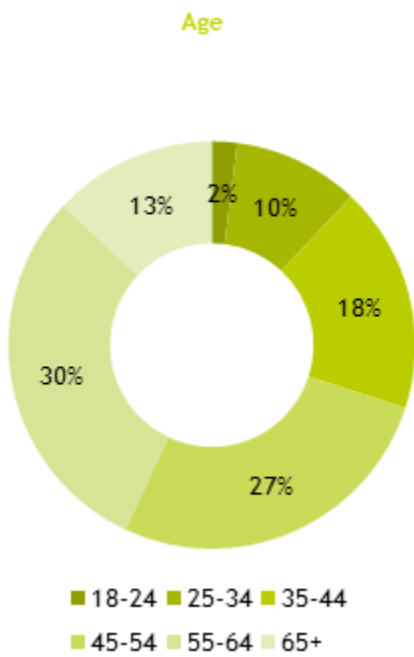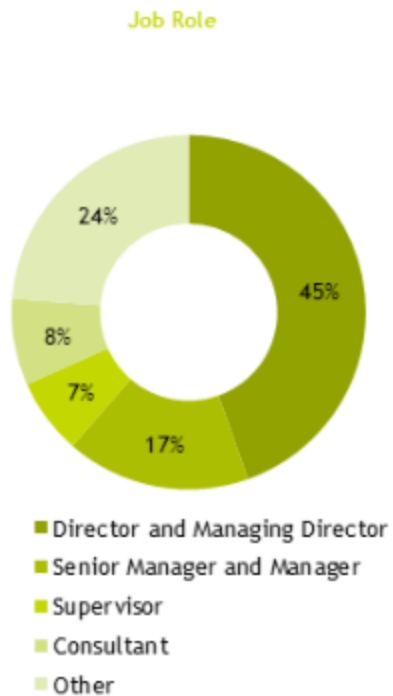Figure 2: characteristics of survey respondents – table AQ3 (job role)

Job Role

- Director and Managing Director
- Senior Manager and Manager
- Supervisor
- Consultant
- Other

45%
24%
17%
8%
7%

Weighted base: 1003

2.3 The structure and components of performance management systems

An initial series of questions asked respondents about whether they used a PM system at all and, where they did, how it was designed, what functions or aspects it gave priority to – and in support of what overall purpose.

2.3.1 The spread of PM systems

All survey respondents were asked at the outset whether their organisation used any performance management systems, with results being split markedly between those that did not have a PM system (84%) and those that did (16%); 13% having just one system for all staff members while 3% had multiple PM systems for different groups of staff (Table CQ1).

Perhaps not surprisingly, smaller businesses were especially likely to lack any formal PM system: 88% of micro sized businesses did not have a PM system in comparison to 44% of small, 39% of medium and 28% of large sized organisations (Table CQ1.a). In addition, 69% of the public sector and 86% of the private did not have a PM system (Table CQ1.b).

Using the 'highly formal or less formal' variable described in 2.1 (above), just 15% of those operating PM arrangements emerge as using what we class as a 'highly formalised' PM system, compared to 85% whose organisations use a 'less formal' system (Table CQ3.a).

The relative preponderance of 'less formal' systems over 'highly formal' systems was found to extend across all the industrial sectors and organisation size bands. For instance, more than three-quarters of private sector organisations used 'less formal' systems (81%), as did 92% of public sector panellists (Figure 3, Table CQ3.b). Overall, what we class as 'highly formal' systems were somewhat less used in the public and voluntary sectors than in the private sector.

However it should be re-stated here that our 'highly formal' classification is artificially strict, resting as it does on 4 discrete sub-components (such as performance ratings, personal objectives, annual appraisals and PDPs). Moreover we are reporting respondents'

perceptions of the structures of their PM systems, which may in some cases be inexact.

Figure 3: Type of PM system used by broad industrial sector (% of respondents) [BQ2 by Formal Variable]. Weighted base: 165
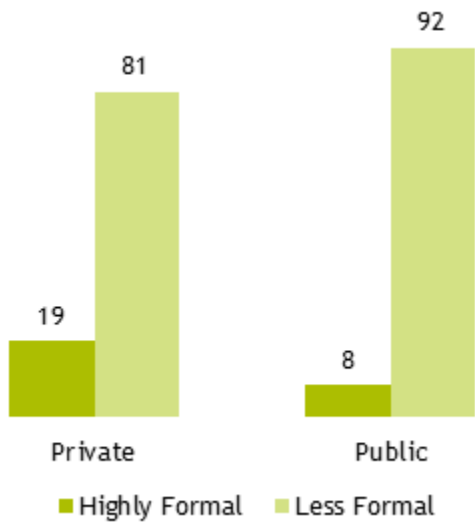
As might be expected, when a comparison against the size of the organisation was made (Figure 4, Table CQ3.c), it emerges that 'highly formal' PM systems were more commonly used in large organisations (of over 250 employees), 33% of which used such systems, compared with 9% of micro sized (1 to 9 employees) organisations. Nevertheless, as with industrial sector, less formal systems were preferred across the size bands.

Figure 4: Type of PM system used by organisation size (% of respondents) [DBQ3 by Formal Variable]. Weighted Base: 165
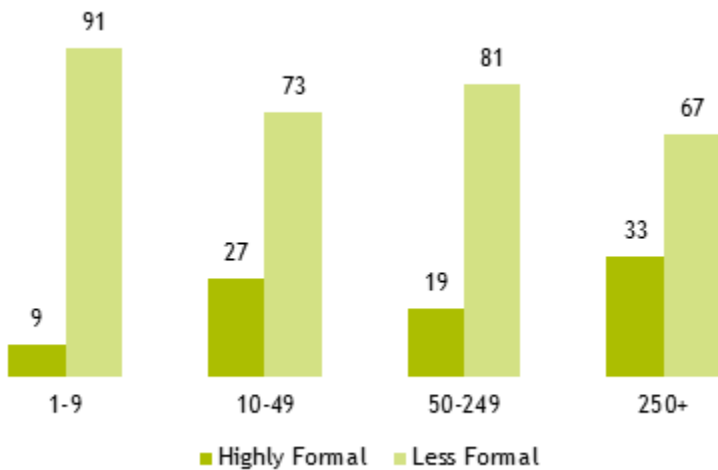
All respondents whose organisations do not use a PM system (Table CQ1) were asked whether this was something that should be introduced: over three-quarters (76%) said that they did not think they needed one, while just 6% said that it would be a good practice to have one (Table DQ14).

These respondents are necessarily excluded from the statistics that follow, which are based on responses to a suite of questions about how people's PM systems operate, and hence were only asked of individuals actually working in organisations which have some form of PM system.

2.3.2 The use and purpose of PM systems

Those respondents with a PM system were asked to classify its primary functions, meaning to say what it is mainly 'used for'. This was a multiple choice question, with respondents able to choose more than one option.

There was a broad spread of responses, with 4 options each being selected by more than 10% of respondents: 16% judged that their PM system was used mainly to plan talent and career development for the future, while setting individual goals and targets, monitoring the performance of individuals against personal objectives, and improving the productivity of the organisation were each selected by 11% of respondents.

Conversely, few organisations use the PM system to determine financial awards, with just 8% and 1% respectively using it to govern the level of base pay awards and bonus payments (Table CQ14).

The fact that only 10% of respondents confirmed using their PM system for in-job training and development is particularly notable given that 'future talent/career management' was the most-selected option.

This may suggest that PM systems are more likely to be seen as a tool for developing specific individuals who are of particular value to the organisation (to generate business value), rather than to support organisation-wide learning and development in a more generalised way (to get the best out of the workforce by developing skills and capabilities more widely).

Moreover the spread of other responses indicates a tendency for PM systems to be used for improving organisational productivity and performance in a way that is divorced from, rather than supportive of, staff motivation and engagement (Figure 5, Table CQ14).

Figure 5: 'Which of the following is your organisation's PM system used for'?

To plan talent and career development for the future	16
To improve productivity of the organisation	11
To monitor the performance of individuals against personal objectives	11
To set individual goals and targets	11
To increase financial performance of the organisation	10
To plan and monitor training and development	10
To determine base pay awards	8
To increase employee motivation	7
To improve team performance	7
To improve employee engagement	4
To improve two way communications	3
To increase flexibility and responsiveness	1
To determine levels of bonus payment	1

Weighted Base: 133 (All respondents with a PM system).
Note: Multiple response question; percentages do not sum to 100.

Notwithstanding the overall pattern of response illustrated above, when the data are stratified by sector, several key differences emerge.

For example, 20 of public sector respondents reported using their PM system to monitor the performance of individuals against personal objectives, a figure which drops to 9% among private sector respondents. Similarly – and not surprisingly – 10% of private sector respondents reported using their PM system to increase the financial performance of the organisation, compared to less than 1% of public sector respondents.

Even more pronounced sectoral differences are in evidence regarding use of PM systems for 'planning future talent and career development', selected by 36% of public sector respondents but only 11% of their private sector counterparts, who were similarly much less inclined to use PM systems for planning and monitoring training and development opportunities (6%, versus 25% public), suggesting a strong sectoral imbalance in terms of using PM systems for staff development.

Differences were also seen in using PM systems to set individual goals and targets (14% private versus 3% public) (all figures Table CQ14.a).

These results do not sit entirely neatly with responses to another question, positioned towards the end of the survey, that asked respondents to say how the data collected from their performance management systems are actually 'used by management' (Figure 6, Table DQ2).

Here, respondents were most likely to report that their PM system data was used to improve training plans (40%), with around a fifth of respondents using it for promotions (19%), equality and diversity work (19%), and making pay and bonus judgements (17%) (Figure 6, Table DQ2). There is something of a prima facie tension here with the earlier results, where low proportions of respondents had reported using their PM systems for determining pay awards and bonus payments.

It is possible that, for some organisations, although PM systems are primarily being used for non-pay based activity – such as monitoring employee performance against targets – the results of these activities are nevertheless used to inform secondary decisions regarding performance-related pay.

This notion is corroborated by findings from the deliberative event, reported in section 3.2, specifically in respect of large private sector organisations.

Figure 6: 'How is the data collected using your performance management system used by management?' (Top responses) [DQ2] Weighted Base: 165. Note: multiple response question; percentages do to not sum to 100.

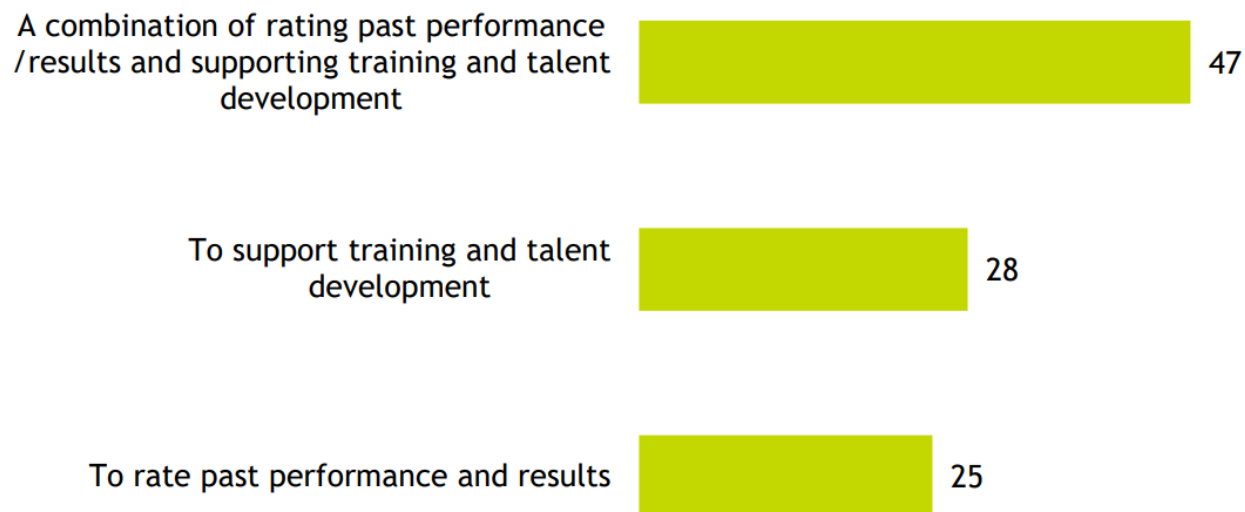| 40% | 19% | 18% | 17% |
| Improve Training Plans | Promotions within the organisation | For equality, diversity and inclusion work | Making pay and bonus judgements |

In addition to these questions about what specific functions PM systems are used for, respondents were also asked to reflect much more generally about how their performance management system is 'mainly used' (Figure 7, Table CQ2), with 3 broad options given:

1. to rate past performance and results
2. to support training and development
3. a combination of both these approaches

Here, respondents were most likely to report that it was used for a combination of rating past performance and supporting training and development (47%) – with the remainder being split fairly evenly between those whose PM systems were used purely to rate past performance (25%) versus those whose PM systems were centred on supporting training and talent development (28%) (Figure 7, Table CQ2).

It is notable that such a large majority of respondents (75%) identified training and talent development as being a main use of their PM system – either in its own right or in combination with rating past performance (Figure 7, Table CQ2) – given that prior responses illustrated at Figure 5 showed this as being much less of a priority (particularly among private sector respondents). This may suggest a mismatch between what managers in an organisation think the PM system is or should be used for, and what the system is used for in practice.
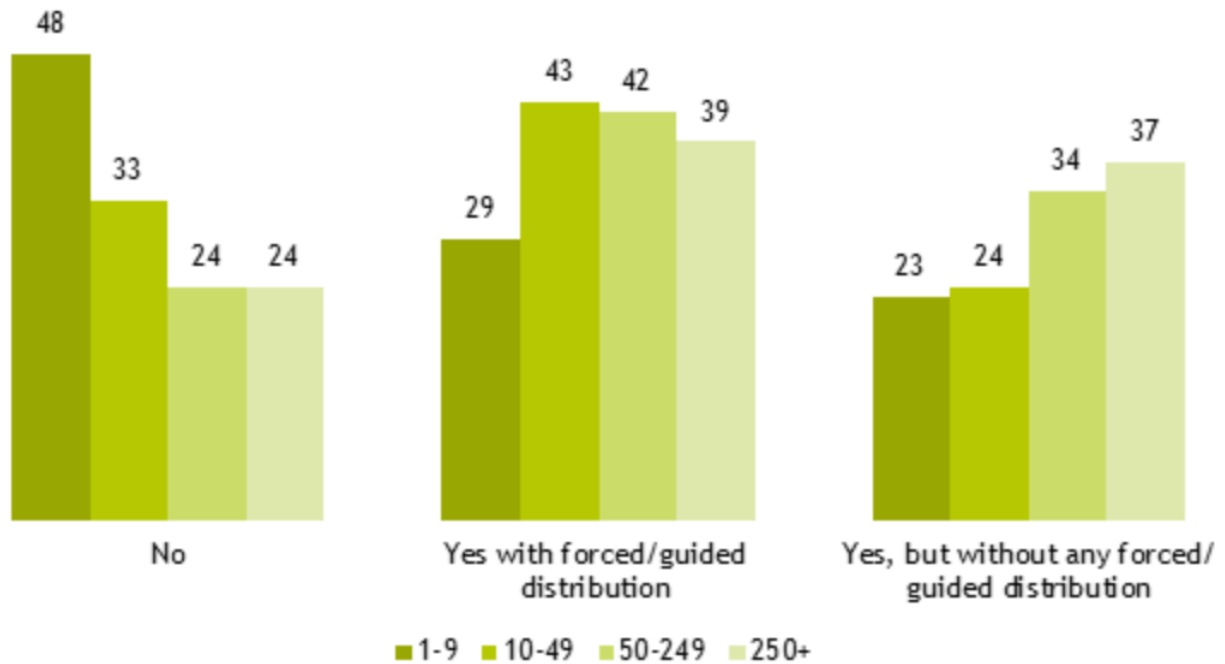
Figure 7: 'How is your performance management system mainly used?' (% of respondents) [CQ2] Weighted Base: 165

Category	Value
A combination of rating past performance /results and supporting training and talent development	47
To support training and talent development	28
To rate past performance and results	25

In line with the above findings, in response to a related, subsequent question on the use of ratings specifically, three-fifths of respondents confirmed that their PM systems did include a process for giving employees performance ratings – a third awarding these based on forced or guided distribution among the different performance categories (34%), and a quarter awarding them without forced or guided distribution (24%). The remaining two-fifths (42%) of organisations did not give employees any form of performance rating (Table CQ3).
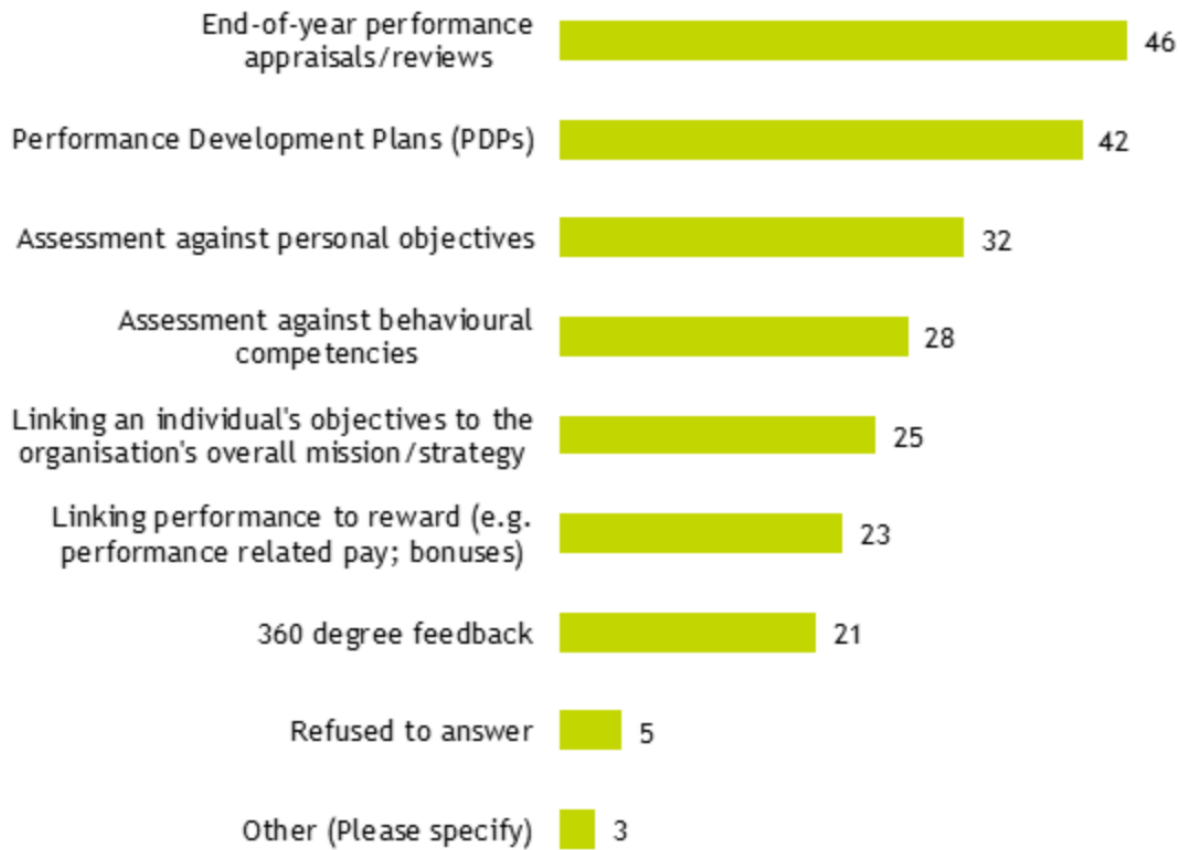
When the data were disaggregated, micro-sized organisations emerge as being more likely to have ratings-free PM systems than larger organisations (Figure 8), although this difference is not statistically significant. Organisations with ratings systems were more likely to operate a system with forced or guided distribution, regardless of organisational size (Table CQ3.d).

Figure 8: Does your performance management system include a process for giving employees performance ratings? by size of organisation (% of respondents) [CQ3 by DBQ3] Weighted Base: 165

Figure 9: 'Which of the following activities and processes does your organisation use as part of its PM system?' (% of respondents) [CQ4] Weighted base: 165. Note: multiple response question; percentages do to not sum to 100.

Going beyond the narrow issue of performance ratings, respondents were presented with a list of 7 more fundamental PM activities or processes and asked to say which were included in their own PM systems. Between a third and a half reported that their systems included end of year performance appraisals or reviews (46%); performance development plans (42%), and assessment against personal objectives (32%) (Figure 9, Table CQ4). It is striking that just 25% of organisations linked individual objectives to the organisation's overall mission or strategy, despite this being a defining feature of PM systems as traditionally conceived.

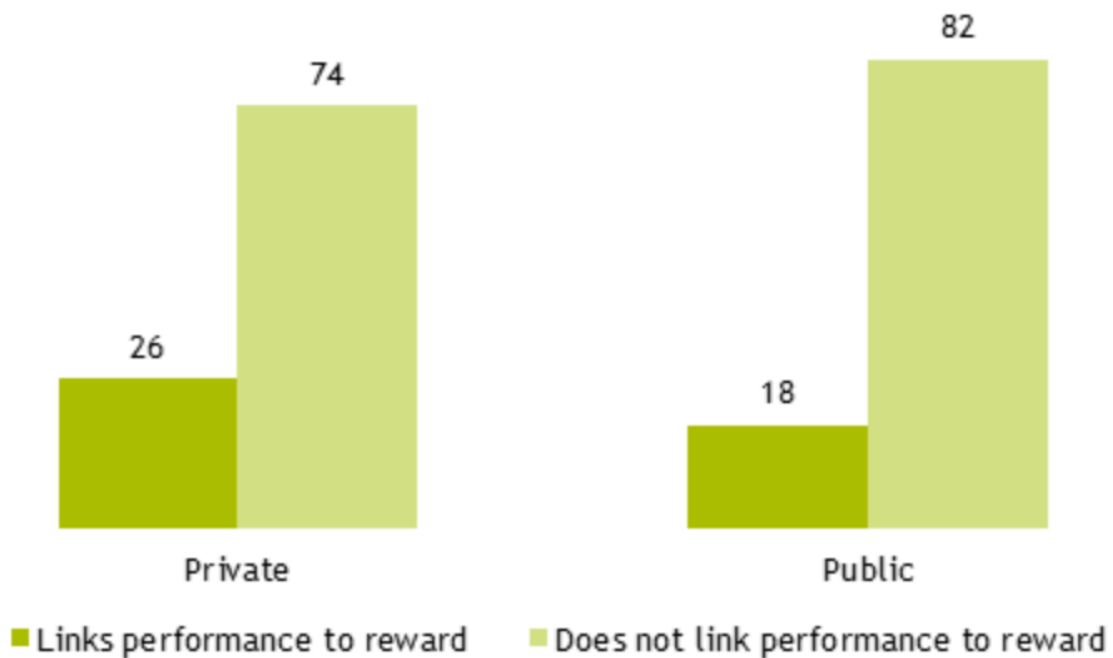|	
End-of-year performance appraisals/reviews	46
Performance Development Plans (PDPs)	42
Assessment against personal objectives	32
Assessment against behavioural competencies	28
Linking an individual's objectives to the organisation's overall mission/strategy	25
Linking performance to reward (e.g. performance related pay; bonuses)	23
360 degree feedback	21
Refused to answer	5
Other (Please specify)	3

Large organisations were far more likely to use PM systems that link an individual's objectives to the organisation's overall mission, reported by 47% – compared to 20% of micro, 33% of small and 42% of medium-sized organisations (Figure 10), indicating a trend whereby the larger the organisation, the more likely it is to link staff objectives to its overall mission (Table CQ4.b).

Figure 10: 'Linking an individual's objectives to the organisation's overall mission' by different organisational sizes (% of respondents) [CQ4_7 by DBQ3] Weighted base: 165
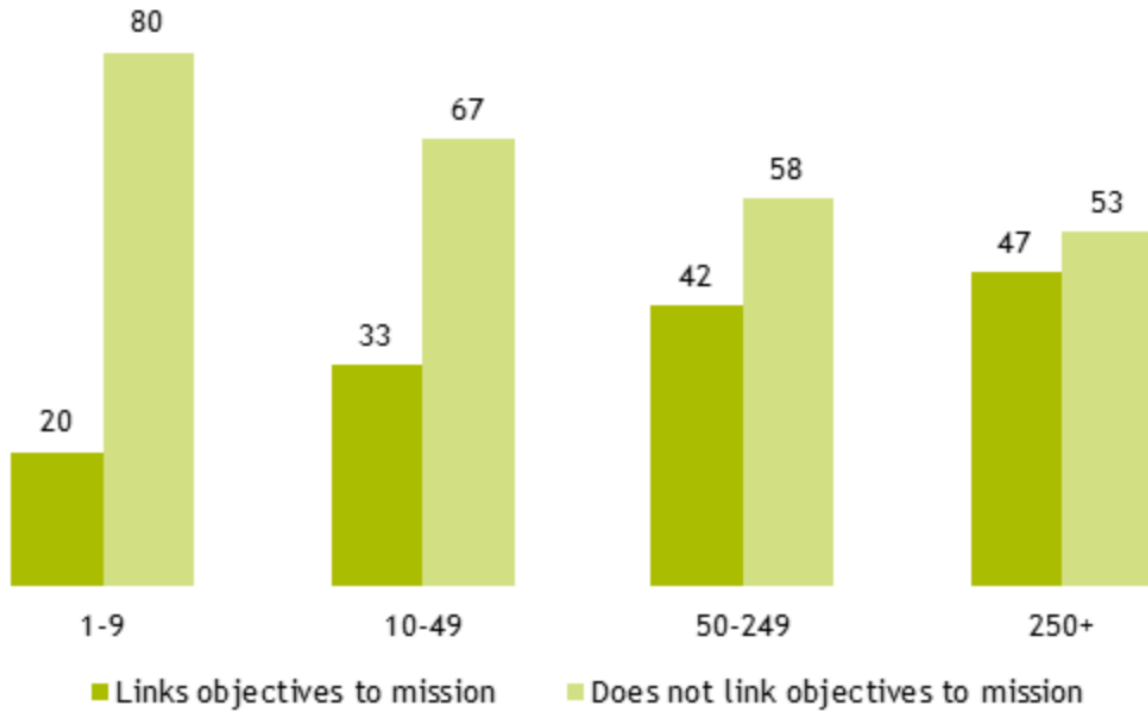
Elsewhere, industrial sector was correlated with linking the PM system to financial rewards, such as performance related pay or bonuses. A quarter (26%) of respondents from private sector firms did this, compared to 18% of their public and sector peers (Figure 11). This echoes findings from the deliberative workshops in section 3.1.2, where a focus on performance related-pay being the norm was suggested in private sector groups (Table CQ4.a).

Figure 11: 'Linking performance to reward' by different organisational sectors (% of respondents) [CQ4_6 by BQ2]
Weighted base: 165

Private — 26 Links performance to reward, 74 Does not link performance to reward
Public — 18 Links performance to reward, 82 Does not link performance to reward

■ Links performance to reward ■ Does not link performance to reward

This same pattern of response was reflected in the results to a subsequent question, where respondents were presented with 8 possible measures of performance – different dimensions of meeting targets or assessments of staff performance and behaviours – and were asked to say which ones their own PM system prioritised. 45% said that their PM system prioritised meeting individual targets, with employee self-assessment of performance (43%) and manager feedback on performance (35%) also featuring heavily (Figure 12, Table CQ7).

Targets were prioritised by more organisations than were behaviours, with around one-third reporting that manager feedback on behaviours was a priority (30%) and slightly fewer reporting employee self-assessment on behaviours as a priority (24%). Peer-to-peer feedback was seen as a lower priority in performance management, both in terms of feedback on performance (21%) and feedback on behaviours (17%) (Table CQ7), which tallies with findings from the deliberative workshop reported at section 3.1.1.

Figure 12: 'When measuring performance, what does your performance management system give priority to?' (Top 3 responses) [CQ7] Weighted Base: 165. Note: multiple response question; percentages do to not sum to 100.

45% Meeting individual targets

43% Employee self-assessment of performance

35% Manager feedback on performance

2.4 Components of the performance management system

A short series of follow-up questions asked respondents to comment on 2 specific components of their PM systems –their use of online platforms, and the frequency of meetings currently being undertaken as part of existing arrangements.

First, respondents were asked to say how often managers at their organisation have one to ones with staff as part of their PM system (Figure 13, Table CQ5) – varying frequencies were reported, with almost all respondents (99%) reporting that meetings were held at least once per year.
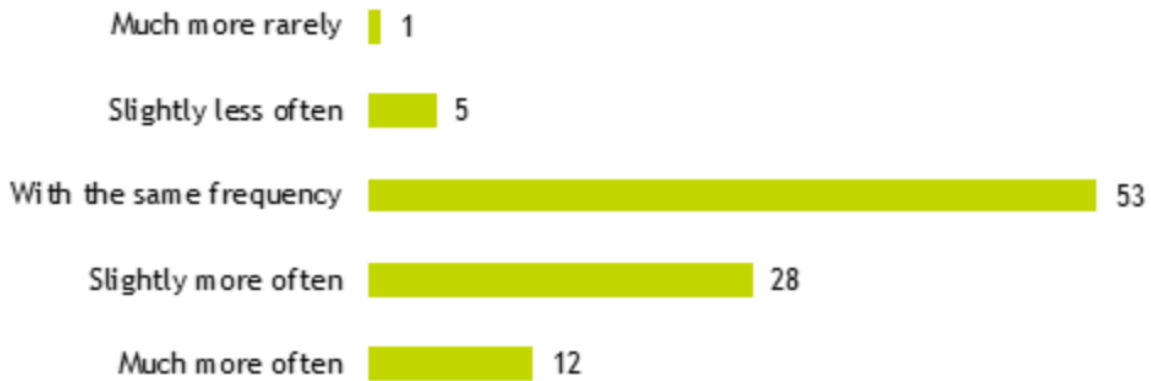
A third (33%) of respondents reported that these meetings were held annually; for a similar proportion (32%) they were twice-yearly events, with monthly one to ones being reported by nearly a quarter of respondents (22%). Fortnightly, weekly and daily meetings were far less common – reported by 3 percent, 3% and 6% respectively (Table CQ5).

Figure 13: 'How often do managers at your organisation have one to ones with staff as part of their performance management system' (% of respondents) [CQ5] Weighted base: 165

Frequency	Value
Never	1
Annually	33
Twice a year	32
Monthly	22
Fortnightly	3
Weekly	3
Daily	6
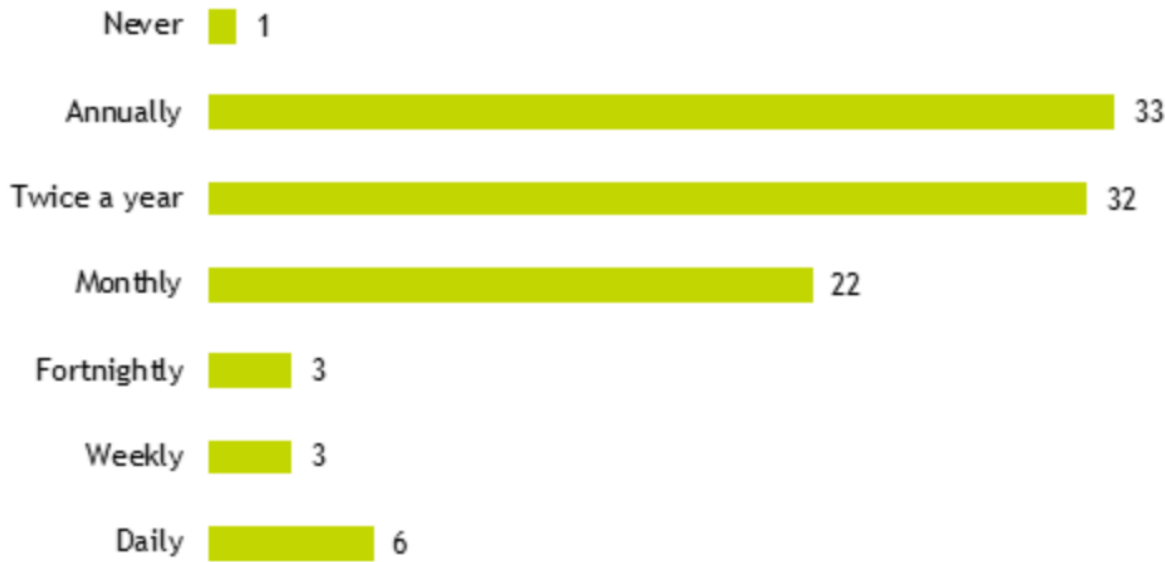
Almost half the respondents were happy with the regularity of meetings, with 53% stating that performance meetings and discussions should continue "with the same frequency". There was little call for fewer meetings, with only 6% of respondents wishing to have meetings less frequently (Figure 14, Table CQ6).

Figure 14: 'How often do you think managers at your organisation should have performance review meetings and discussions with staff?' (% of respondents) [CQ6] Weighted base: 165

Much more rarely	1
Slightly less often	5
With the same frequency	53
Slightly more often	28
Much more often	12

When the current frequency of respondents' one to one meetings is cross-tabulated with respondents' assessment of how often these meetings should happen, the spread of data is would be expected (Figure 15, Table CQ6.a) insofar as those most likely to call for more frequent one to ones were the respondents who currently have them least (71% of those who never have them and 55% of those who have them annually).

The fact that nearly three-fifths of those who already have 'daily' performance discussions said the same may suggest that these respondents – few in number – were conceiving of one to ones as little more than informal conversations. More instructive is the fact that three-quarters of those who had monthly (76%), fortnightly (80%) or weekly (73%) meetings wanted this frequency to be maintained.
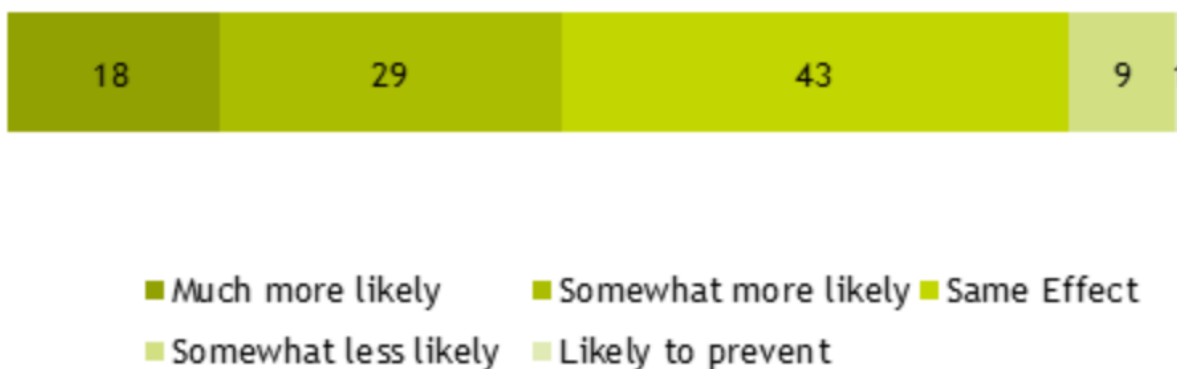
Figure 15: Reported current frequency of one-to-ones, by preferred change of frequency (% of respondents) [CQ5 by CQ6] Weighted base: 165

■ More Often   ■ Same Frequency   ■ More Rarely
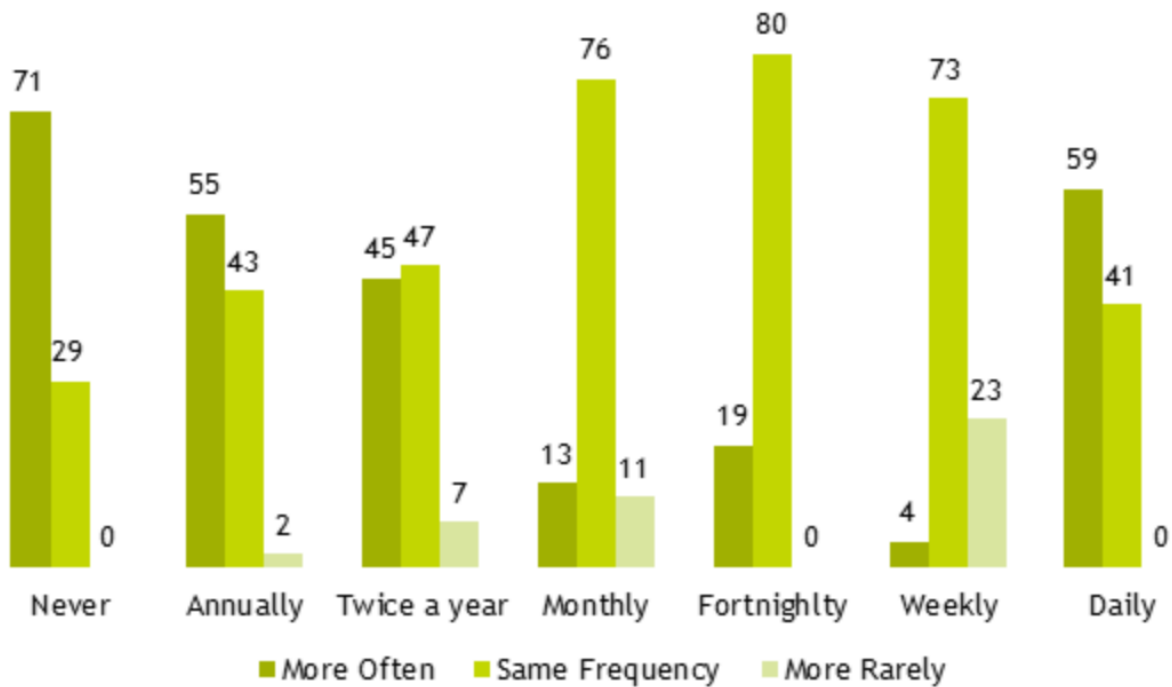
Next, respondents were asked a series of questions about their use of online PM systems. In the first place, 60% of respondents reported that their organisation's PM system was at least partly online-based – 18% exclusively so (Table DQ5). Of these, over a third (36%) found that 'online and offline PM systems are equally useful to the organisation'; 40% judged that online systems were 'somewhat more useful to the organisation' and 19% found them 'much more useful', suggesting that respondents are happy to use online-based PM system in the workplace – or at least, do not feel that they are detrimental to the PM system process (Table DQ6).

A final question asked respondents to comment on the relative effect of online-based systems on the stimulation of dialogue between employers or HR and the organisation's employees: nearly half (47%) of respondents felt that an online-based system was more likely to stimulate a dialogue between employers and employers, with slightly smaller proportion (43%) reporting that online-based and offline PM systems had the same effect on the dialogue between employers and employees. Meanwhile, just 1% said that using an online-based system would be likely to actively prevent such a dialogue (Figure 16, Table DQ8).

Figure 16: Perceived effect of online PM systems on stimulating a dialogue between employers/HR and employees compared to using offline systems (% of respondents) [DQ8] Weighted base: 93

| 18 | 29 | 43 | 9 | 1 |

■ Much more likely ■ Somewhat more likely ■ Same Effect
■ Somewhat less likely ■ Likely to prevent

2.5 Efficacy of current performance management systems

A further set of questions asked respondents to comment on how well they their PM systems were currently functioning overall, specifically with regard to motivating employees and actually improving their performance.

There was varied approval among respondents for the PM systems currently in place in their organisations. More than half of all respondents agreed (to varying degrees) that their PM system works well for the organisation (57%), while only 4% 'disagreed' or 'strongly disagreed', suggesting a general level of support for the status quo. However, 39% of respondents 'neither agreed nor disagreed' that their PM system worked well, and moreover where agreement was registered, this tended to be at the lesser level ('agree' rather than 'strongly agree'), suggesting that the prevailing mood is one of ambivalence rather than active endorsement (Table CQ15).

There was a similar response pattern among respondents when asked if their PM system was a 'good way to improve performance': 60% agreed that it was, with 32% 'neither' agreeing nor disagreeing. The remaining 9% 'disagreed' or 'strongly disagreed' that their PM system was good tool for actually improving employee's performance (Figure 17, Table CQ16; totals do not add to 100% due to rounding).

Conversely, in response to a subsequent question about the effect of PM systems on staff motivation, respondents were less positive: three-fifths (59%) felt that employees were 'strongly motivated' or 'somewhat motivated' by the PM system, while 31% deemed that it
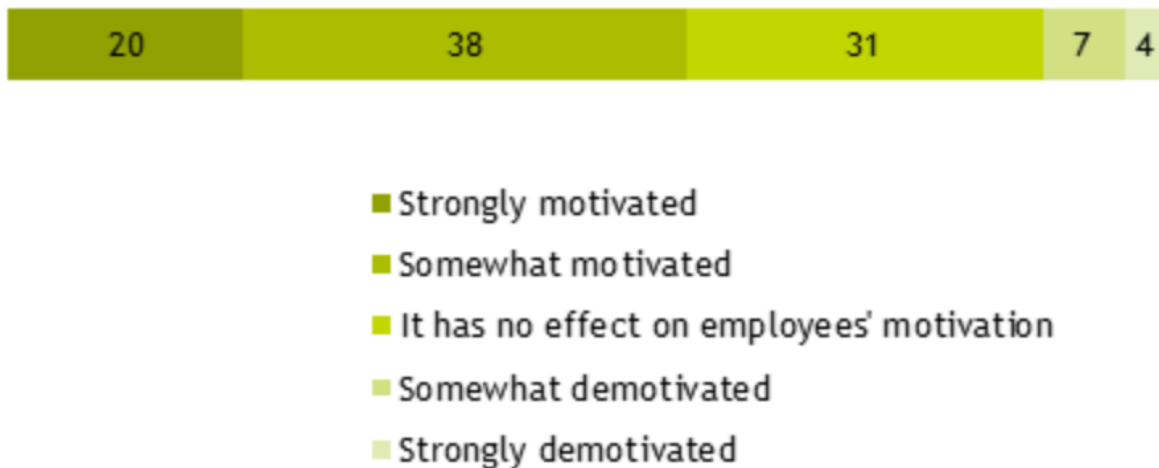
had no effect on motivation whatsoever (Figure 18, Table CQ20).

Moreover, it seems that where staff motivation is improved, this may be happening as a welcome but inadvertent by-product of a good PM system, rather than something more designed, given that only 7% of respondents had earlier identified 'employee motivation' as being a purpose of their PM system in the first place (Table CQ14).

Figure 17: 'To what extent is the performance management system in place a good way to improve performance' (% of respondents) [CQ16] Weighted base: 164

19	41	32	6	3

■ Strongly agree ■ Agree ■ Neither agree nor disagree ■ Disagree ■ Strongly disagree

Figure 18: 'How strongly motivated or demotivated are employees by the PM system?' (% of respondents) [CQ20] Weighted base: 154

20	38	31	7	4

■ Strongly motivated
■ Somewhat motivated
■ It has no effect on employees' motivation
■ Somewhat demotivated
■ Strongly demotivated

A further indicator of the quality of performance management arrangements is the training of managers in how to use PM systems. Three-fifths of respondents confirmed that line managers receive formal training (a course or workshop organised by the employer) in how to use the PM system (58%), while a further 25% said that they did not know, meaning that this number may conceivably be higher (Table CQ12). In half of all cases where it did occur, training was compulsory (51%), although, again, there was a high proportion of respondents who did not know (24%) (Table CQ13).

2.6 Reviewing and updating performance management systems

The survey explored several aspects of the PM system review process, with respondents being asked to comment on the nature and frequency of such reviews and the changes effected by them and to say how time-consuming they found their organisation's PM system.

Respondents were asked to say whether their PM system had been reviewed in the last 1-3 years: half (52%) answered in the affirmative (Table CQ8), with half of this group (50%) also reporting that their PM systems had actually "changed as a result of this review" (Table CQ9). Here, the most commonly reported changes were simplification of the system (35%), the introduction of training for line managers (21%), and the introduction of competencies (27%) (Table CQ10).

In terms of regularity, organisational reviews of PM systems were most likely to be said to happen on an "as required" basis (reported by 41% of participants), with 35% reporting that they undertook an annual review to ensure that the PM System was still meeting its aims and goals. Just 4% of respondents reported that reviews of the system "never" took place in their organisation (Figure 19, Table CQ11).

Figure 19: 'How often does your organisation review its performance management system, to ensure it is still meetings its aims and goals?' (% of respondents) [CQ11] Weighted base: 157

■ Never ■ Annually ■ Twice a year ■ As required
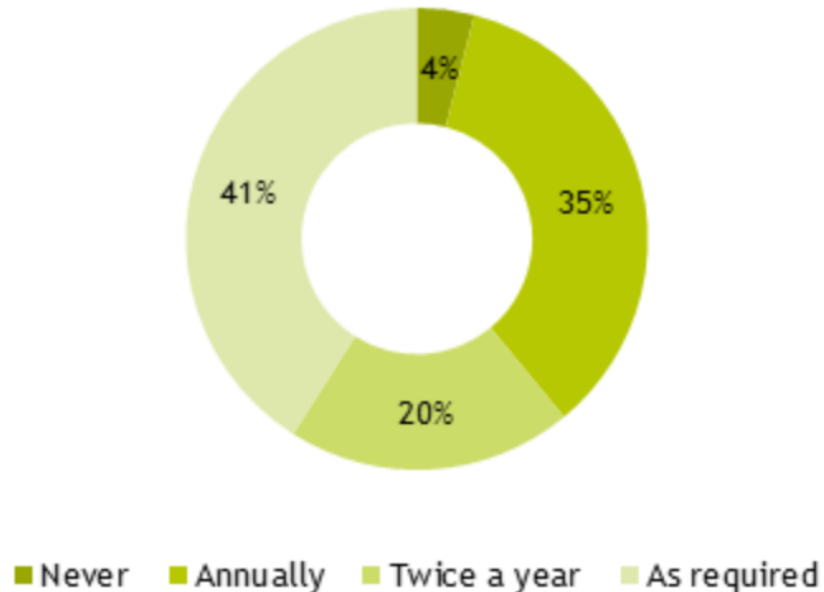
When asked to say what evidence their organisation has on how well the PM system is working, 36% of respondents reported that they collected regular survey data on staff satisfaction with performance management, while 41% did so by checking overall performance of the organisation against targets (Table CQ17). While it follows that that feedback is being collected on PM systems, it is possible that this information is being used to determine whether or not a more formal review is 'required', as the aforesaid 41% of respondents reported was their practice (Table CQ11).

Respondents were also asked if they thought their PM systems should be changed or updated. A clear majority were open to this idea, although the degree of appetite for change varied: 26% said that their PM system 'could benefit from changes or adjustment' and more than 1 in 8 judged that it should be 'changed significantly' (13%). However, a large proportion of respondents did not mind whether or not adjustments were made (32%) (Figure 20, Table CQ21).

Figure 20: 'Do you think the performance management system in your organisation should be changed or updated?' (% of respondents) [CQ21] Weighted base: 160
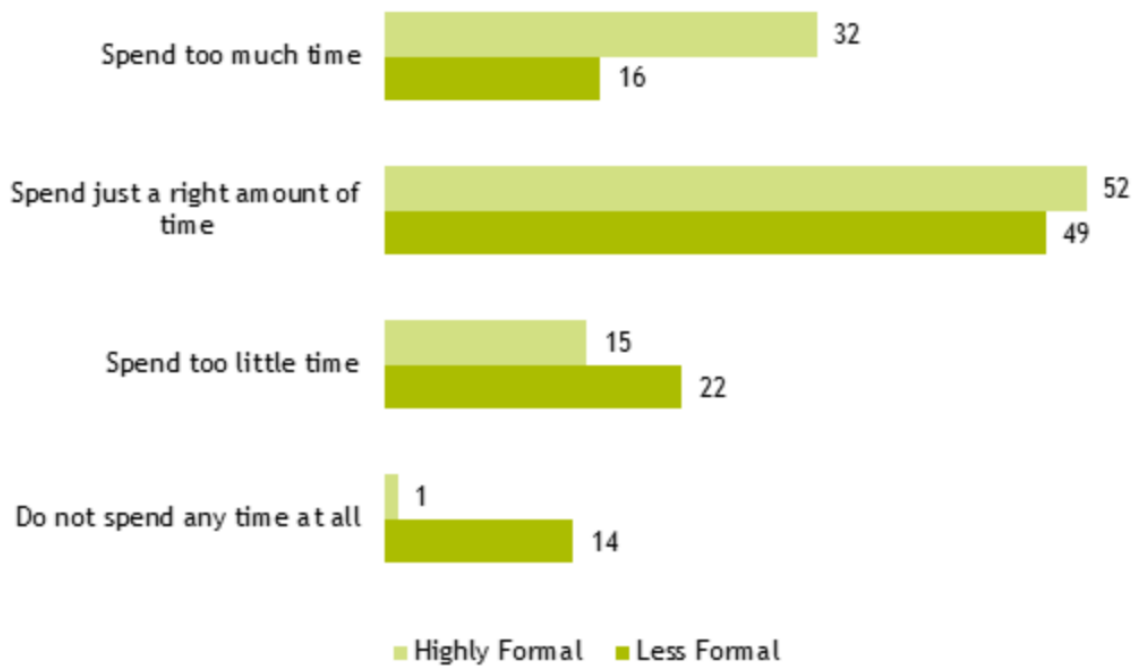

The 3 main changes that were supported by participants included: more personalisation for individual employees (40%); greater fairness (24%) and system simplification (18%) (Table CQ22). These calls for more personalisation and greater fairness align closely with the results for 2 further questions reported in section 2.8, where respondents were asked directly about the processes that govern the fair operation of their PM systems and the degree to which PM systems are adapted for individuals.

Respondents' support for simplification of the PM system here is further reflected in their responses to a subsequent question that asked them to say how time-consuming they found their organisation's PM system. Here, just under half (49%) reported that they spent the right amount of time on performance management, with the remainder being evenly split between those respondents who felt that they spent too much time on performance management (18%) and those who judged that they spent too little time (21%) in this regard (Table DQ1).

As might be expected, respondents using 'highly formal' PM systems were more likely to determine that they spent too much time on their system; 32% compared to 16% of respondents from organisations with a less formal system (although this is not a statistically significant difference). Similarly, 22% of those using less formal systems (but only 15% of highly formal system users) reported that they did not spend enough time on performance management, which may be a reflection of the kinds of less-structured systems highlighted in some of the deliberative workshop groups. (Figure 21, Table DQ1.a)

Figure 21: 'The perception of how time consuming PM systems are, by type of PM system' (% of respondents) [DQ1 by Formal variable] Weighted base: 177

Chart categories:
- Spend too much time — Highly Formal: 32, Less Formal: 16
- Spend just a right amount of time — Highly Formal: 52, Less Formal: 49
- Spend too little time — Highly Formal: 15, Less Formal: 22
- Do not spend any time at all — Highly Formal: 1, Less Formal: 14

Legend: ■ Highly Formal   ■ Less Formal

2.7 Fairness, tailoring and working with employees

Finally, respondents were asked about several aspects of how PM systems work for staff with reference to the involvement of employee representative bodies, the degree of customisation offered for different groups of employees and steps taken to ensure fair operation of the PM system.

Respondents were split fairly evenly between those whose organisation featured some form of employee representation – specifically the 55% who either recognised a trade union, employee representative body (ERB), or, in a minority of cases, both – and the 45% whose organisations did not, as shown in Figure 22 (Table CQ18).

Figure 22: 'Is there a recognised trade union or employee representative body at your organisation? (% of respondents) [CQ18] Weighted base: 165
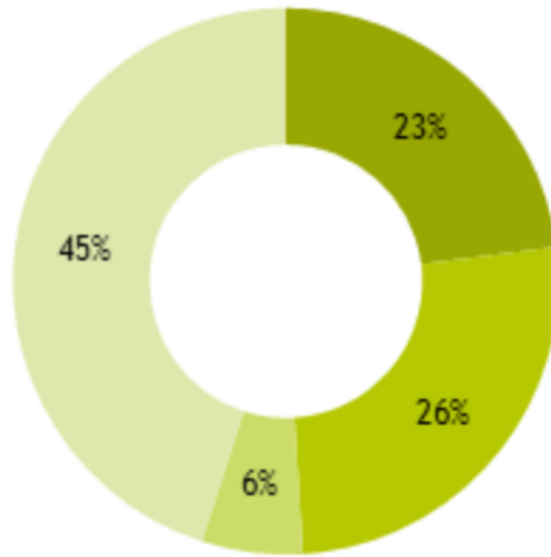
A trade union 23%
An employee representative body 26%
Both 6%
Neither 45%

Respondents working for organisations that recognised a trade union or ERB (55%, Table CQ18) were asked whether these groups had been involved in designing the PM system at its inception: 21% confirmed that these groups had been involved, while nearly half of those questioned (49%) reported that this had not happened. A third of respondents (22%) did not know either way, which may be due to the age of the PM system or indicative of the position of the respondent; further research is required to investigate the role of trade unions and ERBs in PM system design (Table CQ19).

Elsewhere, all respondents were asked whether their organisation had a written statement or policy document setting out what the PM system in the organisation is designed to achieve. Two-thirds of respondents confirmed that this was the case (65%, Table DQ3); of this group, over three-fifths made the policy available to all employees (62%), with a further 21% making it available on request. Just 18% of organisations with a policy did not share it with their employees at all (Table DQ4).

Three further questions asked respondents to say whether their PM systems were specifically customised for various different groups of staff – in the first instance, for different levels of seniority and types of staff (for example. white and blue collar). Here, the picture was very mixed and characterised by uncertainty: a third of respondents (33%) confirmed that people at different levels were assessed based on different criteria, while 39% reported that all employees were assessed using the same criteria; a further 27% did not know (Table DQ9).

The second dimension of PM system's customisation that was explored concerned working arrangements: half of respondents (50%) said that their system was customised for people with flexible work arrangements, such as part-time workers, while a quarter (24%) said that this did not happen. Again, a quarter of respondents (25%) were uncertain either way (Table DQ11).

However, there was a positive association between the use of so-called 'less formalised' PM systems and the customisation of systems for people with flexible work arrangements: with 50% of those using 'less formalised' systems reported the option to customise in this regard. It is perhaps not surprising to infer that the most customisable systems are the less formal ones (Table DQ11.a).

The final dimension of PM system customisation that was explored was for people with special needs, disabilities or neurological conditions (for example autism, dyslexia). Only a quarter (26%) of respondents were able to confirm that their PM systems made this specific accommodation; a further third (33%) confirmed that this did not happen, with the largest group of respondents (41%) not knowing either way (Figure 23, Table DQ10).

Figure 23: Customisation of PM systems (% of respondents) [DQ9-11]
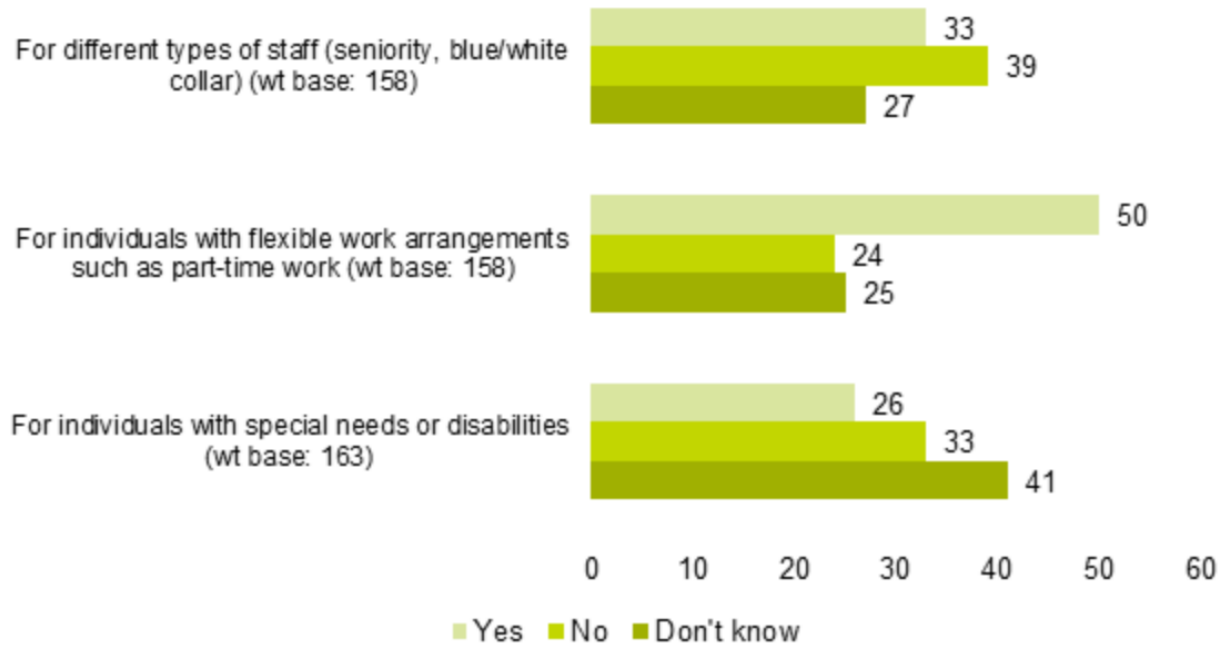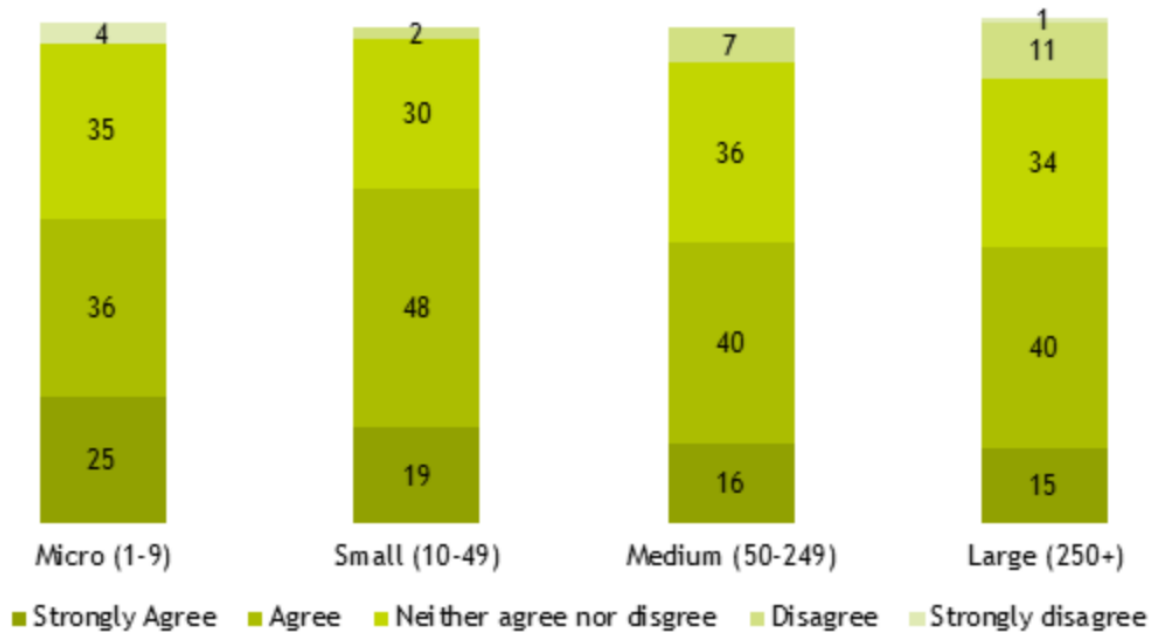

Encouragingly, more than half of all respondents (63%) agreed that the PM system in their organisation was 'a fair way of assessing performance regardless of employees' race, gender, age, and personal characteristics' – 23% 'strongly' agreeing with this statement. However, a third of respondents (34%) 'neither agreed nor disagreed', with a residual 4% disagreeing to some degree (Table DQ12).

When these findings are disaggregated by organisation size, disagreement can be seen to disproportionately characterise responses from panellists based at medium and large-sized organisations, 7% and 12% of whom respectively disagreed that their PM systems were a fair way of assessing performance irrespective of personal characteristics (Figure 24, Table DQ12.a).

This compares to 4% of respondents from micro-sized organisations and just 2% of those from small organisations. Whether these differences indicate that smaller organisations have fairer PM systems, or simply that their managers are less prone to identify unfairness, cannot be determined.

However, data from the deliberative workshops arguably supports the latter explanation. It must similarly be noted that respondents' perceptions may differ from the reality of how effectively PM systems are implemented in practice, and may not reflect the views of those employees who experience a greater rate of unfair treatment.

Figure 24: Perceived fairness of PM system for assessing performance regardless of personal characteristics by organisation size (% of respondents) [DQ12 by DBQ3] Weighted base: 158

	Micro (1-9)	Small (10-49)	Medium (50-249)	Large (250+)
Strongly disagree	4	2		1
Disagree			7	11
Neither agree nor disagree	35	30	36	34
Agree	36	48	40	40
Strongly Agree	25	19	16	15

The picture regarding PM system fairness remained mixed when respondents were asked how the performance management process is governed to ensure fair operation. Here, only a quarter of respondents reported that this was done by using HR controls (25%); more than a third (34%) did so through moderations or consistency-checking meetings and an equivalent proportion (34%) said that they ensured fair operation of the PM system via 'data monitoring processes' (Table DQ13).

There was a significant association between having a 'highly formalised' PM system and using HR controls to ensure fair operation of the PM system; 61% of respondents from highly formalised organisations used HR controls (Table DQ13.a). Conversely, the remaining respondents used other processes such as data monitoring or moderation. It may be that by using centralised HR controls organisations negate to some degree the need to also use these other mechanisms.

A line can perhaps be traced between the findings reported in this section – which show only limited scope for customisation of PM systems for specific staff and variable use of processes to govern their fair operation – and those illustrated in section 2.6, where respondents voiced their desire for more personalised and fairer PM systems.

3. Deliberative workshop findings

During the 1-day deliberative workshop event held near Birmingham in spring 2018, participants were invited to discuss a variety of topics related to performance management (PM) systems. The first session focused on some of the theoretical elements of PM systems, including their purpose, the principles around which a PM system should be designed, and the key practical components of a successful PM system. The event looked extensively at what was driving these behaviours and experiences.

3.1 Key features of group composition

The deliberative event involved participants being divided into 7 groups, which they remained in throughout the day (approximately 3 to 6 participants in most groups). In order to balance the need to have diversity in each group with sufficient homogeneity, to encourage

dialogue and facilitate comparisons across groups, participants were split across 3 primary sampling criteria:

- broad industrial sector (public, private, voluntary)
- organisation size (large organisations with 250 staff or more, or voluntary sector organisations with over £100,000 annual turnover; small and medium enterprises with fewer than 250 staff, or voluntary sector organisations with less than £100,00 annual turnover)
- 'type' of performance management system

For the last of these criteria, participants were recruited and assigned a sampling status of 'formal or appraisal-based' or 'less formal or non-appraisal based' based on self-classification as follows.

Formal or appraisal-based

The organisation uses traditional end of year performance appraisals or performance reviews as a performance management tool, for presenting feedback to employees on how they are performing against a series of objectives for the year.

Less formal or non-appraisal based

The organisation does not currently use traditional end of year performance appraisals or performance reviews as a performance management tool for presenting feedback to employees on how they are performing against a series of objectives for the year.

However, it must be noted that some participants who associated with 'less formal or non-appraisal based' systems in the deliberative workshop groups nevertheless presented using systems that bore many formal features. A degree of formality seems to characterise even the 'least formal' systems, with participants acknowledging the use of some formalised processes in these 'least formal' systems. It is important to acknowledge that participants self-classified their performance management systems, and that these classifications are subjective and based on their own understanding of the differences between 'formal' and 'less' formal systems.

There were 7 focus groups in total, reported within the following 6 categories:

- large, private sector organisations, with a formal or appraised-based PM system
- large, private sector organisations with less formal or non-appraisal based PM systems
- small, private sector organisations with a formal or appraised-based PM system
- small, private sector organisations with less formal or non-appraised based PM systems
- large, public sector organisations with a formal or appraisal-based PM system
- small, public sector organisations, and voluntary sector organisations (no differentiation by type of PM system)

It is important to note that these focus group findings differ from the survey findings to varying degrees. This is due to the different research methodologies used and the purposive sampling of participants for the focus groups. Event participants, who tended to be senior HR staff responsible for setting up and implementing the PM systems in their organisations, were selected primarily on the characteristics of the organisations that they work for (size, sector, and type of PM systems used).

They were sampled in modest numbers and qualitative methods were used to gain an understanding of their underlying opinions and motivations. Conversely, survey participants were pre-profiled panellists who were identified as working in HR or as a manager or higher in their company.

They were sampled in far larger numbers, in order to produce numeric results to be generalised from and hence generate insight on the prevalence of attitudes and behaviours. It follows that participants in the focus groups, who were invited to deliberate on these issues in far greater detail and complexity, will have voiced different perspectives and experiences from the survey participants, and this difference in methodology may lead to some areas of divergence in findings.

3.2 The foundations of performance management systems

3.2.1 The purpose of a PM system

Individuals working in large, private sector organisations with formal or appraisal-based PM systems presented many different – but often related – purposes of a PM system, including:

- motivating employees and supporting them to understand their role within an organisation
- recognising success and sharing praise for employees through one to one meetings and coaching sessions between managers and staff
- identifying and monitoring employees' goals and targets, including developing KPIs related to the individual's role, and broader targets aligned with company values
- creating and recording an 'audit trail' of staff achievements or against these targets – these records could then feed into discussions of promotions if successful, or disciplinary processes if required at a later stage

Performance management systems were also identified as a method for differentiating between employees. While this was not a universally agreed purpose across participants, many organisations reported using information from the PM system to award performance-related pay such as bonuses. Interestingly, this was not commonly identified as being a primary purpose in the survey. Some survey respondents reported that performance-related pay was a secondary purpose of their PM system: for example, using the PM system to identify areas of success for the employee, which might then be used as examples to award performance-related pay.

In the workshop, using a formal PM system to determine performance-related pay was seen as beneficial for employees. Employees felt that this was fair. The system was also seen as protecting the company if grievances were raised by employees who were unhappy with their rewards, by offering evidence from the PM system as a rationale for the reward.

> "So many grievances get back, raised, saying, 'Well, I didn't get this amount of money because the wording in this objective was X, Y and Z, and I did this but the wording was this.' So that […] documentation [in the PM system] becomes even more important with that." (Large, private, formal or appraisal-based PM system)

This was linked by participants to another purpose of using a formal PM system, which was to ensure that employees are measured in the same standardised way; this was of particular relevance when a business had multiple sites or offices, since it demonstrated to employees that rewards or ratings were based on an objective system, rather than individual manager opinion. The final purpose of a PM system was to identify any training or skills gaps across the work force, which was particularly relevant for employees who had been with the company for a long time.

Participants from large, private sector organisations with less formal or non-appraisal based PM systems shared many similar beliefs in the purpose of a PM system. For example, motivating and valuing staff was identified as a key purpose. A PM system should help staff to feel valued and engender positive wellbeing, which in turn would motivate employees to work harder for the organisation.

> "It's about listening to the colleague and really sort of getting the most out of them. The manager's got their part to play in making the colleague feel, you know, valued . . . empowered to make decisions and do stuff." (Large, private, less formal or non-appraisal based PM system)

Here, too, PM systems were seen as a tool for awarding pay and other benefits, with high performers identified through the PM system and rewarded with financial incentives. Evidence from the PM system could also be used for national moderation, a process whereby all employees are rated against one another to ensure that ratings are fairly awarded.

The PM system could also be used to determine promotion or demotion within a company, whether this was vertical or horizontal progression. This differentiation was only possible through setting objectives and monitoring performance against them; this would be achieved through regular meetings with staff throughout the year. These meetings could reinforce both individual and business level objectives:

"People's minds wander […] unless you've got that relationship or regular catch up, you know, people can go off in a different direction perhaps and lose the focus of what the business want. You know, if there's objectives coming down from the top, and they're watered down then we'll point [it] out." (Large, private, less formal or non-appraisal based PM system)

Finally, this group felt that identifying skills gaps in the organisation was another key purpose of the PM system. Staff who wanted or need mentorship and coaching could be identified and supported through the PM system.

For participants from small, private sector organisations with a formal or appraisal-based PM system, one key purpose of the PM system was the development of training programmes and identification of skills gaps across the business. PM systems could support the creation and documentation of performance development plans, which would identify what employees could do to progress, including the creation of opportunities for shadowing, coaching and mentoring. These records could also be used to support moving staff into more suitable positions if they were unable to develop in their current role.

PM systems could also be used to engage staff with their own development. This group felt that development of employees was the responsibility of both managers and staff, and that a PM system could be used to encourage 'buy-in' from staff into this process.

"[It's] gotta be a 2-way process, otherwise if they're been done to and they're not gonna take any ownership at all." (Small, private, formal or appraisal-based PM system)

However, this group also felt that a PM system should help employers to manage employee retention and dismissals. The PM system was identified as a tool which provided a record of employee performance through formal documentation, such as performance improvement plans. This helped these organisations to track performance over time and identify individuals who either need support or else may be 'managed out' of the organisation.

"It's about deadwood in your organisation, so people that have been there a long, long time and you will try to maybe manage them out of the business, so [having] a PM system properly in place and structured can help that." (Small, private, formal or appraisal-based PM system)

The PM system could identify individuals who were underperforming and who therefore could be made redundant, but also protect the business against claims of unfair dismissal in these instances, using the documents and records from a PM system as evidence of reasoning.

The PM system was therefore a tool of engagement and feedback, which could be used to encourage employees to take control of their development, whilst also being a mechanism for documenting processes among less engaged or low performing individuals leading to dismissal.

Individuals from small private sector organisations with less formal or non-appraisal based PM systems felt that a PM system should be used to develop relationships between staff and employers. For this group, the purpose of the PM system was to help staff learn more about – and support them in – their current role; eventually helping them to progress through the organisation.

This group was also concerned that individual staff circumstances, such as illness or caring responsibilities, could be accounted for within the PM system, ensuring that staff needs were heard by the employer. A PM system was present to boost staff morale, so staff felt that they had time to address issues – personal or work-related – with their managers. This benefited the company as well as the employee, as 'happy staff work better'.

"[In] my performance reviews, we go through personal issues, so things that they might not have to discuss in front of the team, they might discuss and that might be affecting their morale if they've got some other issues somewhere else." (Small, private, less formal or non-appraisal based PM system)

This group identified career development and talent management as a key purpose of the system. Individual staff can develop, and business productivity and profitability can be improved.

"Somebody could be actually sat in the wrong position that's not right for them […] and it's about identifying that […] the position is not right for them or their needs or development training." (Small, private, less formal or non-appraisal based PM system)

This group also highlighted also several benefits for the employer. For example, use of a PM system could strengthen discipline within the organisation, by providing a structure for disciplinary processes and ensuring that evidence of poor performance could be captured. A PM system was a reminder to employees of their duties and responsibilities throughout the course of the year.

"We find, as long as it's regular meetings, they know you're on the ball, you're watching and it's a polite, you know, this needs to be done." (Small, private, less formal or non-appraisal based PM system)

Finally, there was a focus on using the PM system as a structure to ensure compliance with company values and policies. This communicated expectations for employees internally, while signalling to external clients that adequate procedures and policies were in place to address relevant issues. Individuals from large, public sector organisations with formal or appraisal-based PM systems saw the purpose of a PM system as being a mechanism for promoting organisational unity in several areas: signalling company values; supporting staff development; and communicating overall business objectives to employees.

The PM system could monitor the behaviour of employees, as well as their achievements, by tracking both whether targets were met and the methods by which results were achieved. This focus on behaviours also promoted organisational values – such as diversity and inclusion – and therefore acted as a motivational tool for employees as well. Staff may have felt more included and supported by the organisation, and this support may be treated as an intangible benefit for employees in this sector.

"You might've achieved your target - a big tick, a pay rise but actually the […] collateral damage in that process has cost the business elsewhere. So […] the sort of way in which we behave as well as what we achieve is also really important." (Large, public, formal or appraisal-based PM system)

"[My organisation] might not be able to say, 'Well we, you know what, we're not gonna give you a 10% pay rise year on year,' so you stress the other aspects of what's on offer. Which, you know, flexible working [...] the culture […] of respecting difference, etc." (Large, public, formal or appraisal-based PM system)

Another purpose of the PM system as conceived here is to support staff development, considered an important benefit amongst public sector participants. A PM system could therefore be a benefit that supports recruitment and retention in this sector, ensuring that employees feel supported and developed in their workplace, and in touch with their organisation's values. There were also further benefits to the organisation: by identifying staff skills, the organisation can make better use of their employees, while providing training to further develop staff in ways which benefit the organisation's requirements.

Lastly, the purpose of a PM system for these organisations was to ensure that that employees are united in their shared understanding of how their work fits together to deliver the organisation's objectives. The use of a centralised system to manage employees allows for a standardised and transparent measurement of performance to be established in the organisation.

This was identified as a priority by the group, since it allowed skills gaps to be identified at an overall organisation level (as well as communal strengths). Therefore, a formal / appraisal-based PM system promoted an integrated approach to performance management which the group felt ensured a sense of 'working together' and cohesion within an organisation.

"These teams might in isolation be working really well but are they actually integrated horizontally to make sure […] that one isn't conflicting with the other […] I think it's the role of the PM system to ensure that […] those links are there." (Large, public, formal or appraisal-based PM system)

The final group, consisting of participants representing small, third-sector organisations and small, public sector organisations, felt that one purpose of a PM system was to ensure that HR teams worked to organisational policies and practices, in order to minimise the

occurrence and escalation of disputes initiated by employees raising grievances at work. A PM system supports employers with these difficulties in 2 ways: first, by ensuring that appropriate processes and policies are followed at work, therefore reducing the chance of problems occurring; and second, stipulating the correct next steps to take, if or when these complaints or grievances are reported:

"The performance management is important to stop disputes between employees and employers […if] there isn't a framework, then you know, the last process of that would be employment tribunal." (Small, third-sector and public sector)

There was also a focus on motivating staff using the PM system, by recognising and rewarding good performance, as well as monitoring bad performance. This helped staff to feel valued and supported, and could encourage ongoing shared learning.

"I try to make it a norm that […] we look at problems together, we share problems, and […] we'll take learning points from meetings, if this happened, how could we have done that better, and you know, so it's like a continuous learning thing." (Small, third-sector and public)

Here, PM systems were said to act as a tool to support dialogue between employers and employees, helping to identify areas for support as part of an ongoing process:

"It's not just about basically having a setting objectives and waiting 6 months and reviewing, it's an ongoing review process where that there needs to be dialogue with the employee and the employer on a regular basis […] so that obviously where things are not going [well] then training support and stuff can be put into place and changes can be made to help achieve the overall objective." (Small, third-sector and public)

In order to use the PM system effectively, however, there was a need to clarify individual job requirements. This could be done through the PM system and was integral to achieving a transparent system in which all employees are seen to be treated equally and fairly under the same system.

None of the groups comprising participants from smaller, private sector organisations, third-sector organisations or public organisations identified employee rewards – through performance-related pay – as forming part of a PM system's purpose. Instead, this view was only expressed in groups with large, private sector representation. This reflects the pattern of use of performance-related pay – which remains relatively uncommon for public sector employees – but may also point to more fundamental differences based on size and sector in respect of the raison d'être of different organisations' PM systems. Note - see Employment relations in the shadow of recession: findings from the 2011 workplace employment relations study, Palgrave MacMillan (pp. 94-98).

Table 2: The purpose of a PM system (Summary)

Trend	Large private formal or appraisal-based	Large private less formal	Small private formal or appraisal-based	Small private less formal	Large public formal or appraisal-based	Small public or third sector
Awarding performance-related pay or benefits	X		X			
Clarification of job or expectations						X
Differentiating between employees	X					

Documenting evidence and recording performance			X	X		X
Identifying candidates for dismissals or disciplinary action			X	X		
Identifying training gaps or areas for development	X	X	X	X	X	
Linking staff with business objectives / company values		X		X		X
Measuring all employees to same standard	X	X			X	X
Motivation and engagement of employees		X	X		X	X
Protecting business in case of legal dispute			X			X
Recognising success	X					
Relationship building with staff / staff-manager feedback			X	X		
Supporting progression of employees				X		

3.2.2 Principles of a PM system

In addition to asking participants about the core purposes of a PM system – in essence, what the system should be used for – participants also discussed at a more theoretical level what they considered to be the principles underpinning PM systems. This was defined as the values and attributes of PM systems, focusing more on the principles that underlie successful performance management, rather than examples of how these systems worked in practice.

When asked about the key principles of a PM system, many of the groups offered similar responses. Individuals representing large, private sector organisations with formal or appraisal-based PM systems identified trust as the central principle in the design and use of a PM system; in order to be used effectively, employees must be able to trust that the system is managed fairly.

This trust in the system is developed through consistency and transparency: staff should be aware of the mechanisms by which they are managed, and know that any performance ratings or rewards are standardised across an organisation.

Measures for success, such as targets or goals, should be documented, and managers held to account for both the ratings that employees receive and for their development of their staff. This was related to another principle identified by this group – the creation of a '2-way system' for staff to give feedback upwards, to their managers.

"There's absolutely clear expectations as to what […] my team should expect from me and I have to meet those expectations […] My team have absolutely the right and are encouraged to speak openly about their experiences of what they get from me." (Large, private, formal or appraisal-based)

In combination, these principles are held to add up to a transparent, consistent, objective and evidence-based system, which can be trusted by employees and employers.

Other key principles of the PM system include engendering respect in the workplace; provision of support for staff members to succeed in the business; and encouragement for staff to aspire towards self-improvement and promotions. PM systems should help staff to self-manage their progression, including the setting of objectives and goals and identification of clear progression routes and future career prospects. A PM system should be participatory and supportive, rather than being a tool solely for managers to 'criticise' employees.

"A colleague in any environment at work wants to come in and feel that […] they're looked after, that they're gonna be treated well and performance management aids them doing that." (Large, private, formal or appraisal-based)

"I would want my manager to sit with me and have an honest conversation to say, 'You're a great performer and this is what we want you to do, you need to do more, but actually this is the […] timescale or what your next role would look like and what you need to do'." (Large, private, formal or appraisal-based)

More practically, the PM system should be accessible for all employees, tailored to the work environment, and maintain confidentiality. This latter principle was seen as both important for the development of the manager-employee relationship, and also for employees when giving 'honest' feedback to the organisation.

Individuals working in large, private sector organisations with less formal or non-appraisal based PM systems identified many corresponding principles – for example, it was agreed that staff should believe that the system itself is fair and trustworthy. This can be achieved through the incorporation of quantifiable measures and objectives into the system: staff can develop and monitor targets, against which performance can be fairly rated. This helps to demonstrate objectivity in the system, as employees can trust that their ratings or rewards are set objectively and not solely based on the individual relationship between the manager and employee.

"Unless you've got systems that people transactionally do work on and it gives you a result on each individual equally, you can end up with end of year results just being on perception." (Large, private, less formal or non-appraisal based)

Confidentiality was valued too, with respondents supporting the need for honest and confidential feedback. The PM system should also be wide-ranging, with feedback provided from other members of staff as well as managers. A PM system should also be timely, with continuous and ongoing performance management in place. The system should allow for 'in the moment' feedback as well as annual appraisals or formal reviews.

"You've got to give in the moment feedback. Sort of saving it up and giving it after a month, they're going to be like, 'Why's he done that?' You know, while it's fresh in their mind, while it's fresh in their mind, while they're thinking about it, you can point out […] what's wrong." (Large, private, less formal or non-appraisal based)

Finally, this group felt that it was important for employees to feel supported and valued through the PM system, rather than viewing it as a purely administrative process. Thus a further key principle was the embeddedness of the PM system into wider organisational culture.

Individuals working in small, private sector organisations with a formal or appraisal-based PM system also identified consistency, transparency and fairness as key principles behind a PM system. This group defined consistency and fairness as managers applying standards equally to all staff members, with policies and procedures in place to monitor this. Furthermore, staff should feel supported by managers to improve and develop.

As one participant commented, as part of the PM system:

"You're supporting the staff to achieve an improvement and support[ing] the managers in managing that process." (Small, private, formal or appraisal based).

A further principle of a PM system is to promote and reinforce organisational values, which was identified as a purpose in the first session.

Consistency, transparency, and fairness were also highlighted as key principles by individuals from large, public sector organisations with formal PM systems. Here, these principles were seen as creating a sense of "procedural justice" for employees, who should feel that they are treated fairly and in a consistent manner, even if the exact "structure" of the PM system differs by employee level or grade.

"It's not a one size fits all and it does need to be tailored but the overall principles […] should be for one organisation […and there] should be consistency. Look, everybody's gonna be managed. It's not just you guys in the contact centre and you guys doing the post room." (Large, public, formal or appraisal-based)

Consistency was not defined as using identical systems throughout the organisation, but as using the same organisational standards and values to measure performance. This would help promote cohesion throughout the organisation.

As one participant commented:

"[Employees are] aware of everybody's basically singing to the same hymn sheet kind of thing. So it has to be consistent [… for] both management level and job holder level because that's the only way it's gonna work." (Large, public, formal or appraisal-based)

Transparency within the PM system was linked to using it to set objectives and targets at an early stage, to ensure that employees are aware of what they need to achieve in order to succeed. Additional principles identified here included embedding the system into the organisational culture, echoing feedback from large, private sector organisations with less formal or non-appraisal based PM systems. This suggests that large organisations – regardless of sector – are using PM systems to promote employee engagement within the organisation and its values.

This is highlighted in comments from this group:

"It's an ongoing process. It's not a once-a-year, let's talk about performance […] it's not just that appraisal. It is just […] how you build that into your daily management […] practices." (Large, public, formal or appraisal-based)

"The employee has to get as much out of it as the manager and the organisation. So it's vice versa and […] touching the fact that it shouldn't just be the one-year or bi, you know, twice a year kind of thing." (Large, public, formal or appraisal-based)

The final principle mentioned within this group was that the PM system should be capable of differentiating between employees, even when this was unrelated to performance-related pay or rewards.

"I think it [differentiation] belongs on a reason to have it but also as a principle of the system, it needs to be capable of presenting that differentiated outcome. So what you don't want is a system where everybody's exactly the same, 'cause it defeats the object. So you've got to make sure that it's capable of differentiation." (Large, public, formal or appraisal-based)

Finally, individuals from small, public sector organisations or small third-sector organisations similarly promoted consistency, transparency and fairness as key principles. PM systems require impartiality in order to have credibility, with performance management

– and by implication, any ratings or reviews – demonstrably not being based on the personal opinion of the manager.

Further principles identified in this group include accountability. This was multi-layered: accountability was required to justify performance-related pay; to ensure that service delivery is meeting the needs of service users; and to provide an audit trail of decision making. While these organisations did not themselves use their PM systems in order to inform performance-related pay decisions, they felt that this was a key requirement for organisations which did.

Further accountability came from the notion that the PM system should apply to all employees, from the CEO to frontline staff.

"It needs to be linked with […] the accountability bit ... if you're giving someone a pay rise or whatever you're going to […] have to justify whether they've done a good enough job to get that pay rise." (Small, public or voluntary sector)

The PM system should also include meaningful employee engagement as a key concept, both by encouraging conversations with managers and by involving staff in the design of the system. This solidifies staff buy-in and further promotes the credibility of the system. Interestingly, this was not reflected in the survey responses, where only a low percentage of respondents stated that their organisation involved employees in the design and set up of the PM system.

"You need to get your staff involved, at an early stage, on designing the performance management […] so staff feel that it's progress, […] and then when you're obviously engaging with staff and within the performance management [system] this is an opportunity for the staff to basically air views […] and have that dialogue." (Small, public or voluntary sector)

Fairness was seen as a key principle by this group as it helped to ensure that the "playing field is level" for all staff. The PM system should be seen as identifying and supporting employees with different abilities or needs in the workplace; a principle at the core of any PM system.

Table 3: The principles of a PM system (summary)

Trend	Large private formal or appraisal-based	Large private less formal	Small private formal or appraisal-based	Small private less formal	Large public formal or appraisal-based	Small public or third sector
Able to collect employee feedback	X					
Able to provide timely feedback		X				
Capable of differentiation					X	
Capable of setting targets early on					X	
Confidential	X	X				
Consistent	X		X	X	X	X

Embedded in organisational culture or values		X	X	X	X	
Fair		X	X	X	X	X
Objective		X			X	X
Promoting employee engagement					X	X
Promoting respect in the workplace	X					
Self-managed	X					
Supportive of employees			X		X	X
Transparent	X		X	X	X	
Trustworthy	X	X				

3.2.3 Key components of a PM system

The final conversations during the first session of the event focused on the key components of a PM system and its various stages. Here, participant deliberation moved away from the theoretical principles and purposes of the PM system, with discussion centring instead on the different practical 'moving parts' of PM systems and how these come together.

One of the first components discussed by respondents from large, private sector organisations with formal or appraisal-based PM systems centred on communication.

This took several forms:

- communication when launching a PM system, to let teams know the format and expectations for use

- communication when updates are needed, such as reminders ahead of annual appraisals

- communication for employees, to be able to enter into the 'system' (if electronic) and make updates to their records

This component motivated employees to engage with the system and encouraged good record keeping of achievements.

"I think what you do is really positive. Having it open and people being able to go in and keep updating. They all get an email. They all know when it is. I think, I think that is a really, really good motivational tool."(Large, private, formal or appraisal-based)

The PM system should also allow for employees to set their objectives, which could be edited throughout the year to reflect changes to their role or business requirements. Ongoing monitoring of objectives is also important, especially through regular meetings, although the frequency varied across businesses, from annual appraisals to informal daily meetings. One key component was mid-year and full-year review meetings. These appraisal meetings follow formal structures that are in place to review achievements in line with planned goals and objectives.

Capturing information was also identified as a key component, from 'hard' evidence such as sales numbers and KPI targets, to 'softer' evidence such as client feedback or feedback from peers. This could be documented by both the employee and employer.

"We have […] feedback forms […] and people can send those out and get the feedback. But throughout the year you might have got an […] award […] you might have won High Performers […] Customers might have said, 'Oh, God, this guy is fantastic. He helped me, you know, get my Apple device working,' […]. So we encourage everybody to put all of [that], just everything." (Large, private, formal or appraisal-based)

However, some parts of the group felt that evidence gathering could become a tick box approach, and focused more on regular one to one meetings with their employees.

"Performance management in my firm for me is a tick-box exercise. Having one to one chats and building rapport with people I work with and stuff is completely separate to, like here's the proof that I've done my job good for the year." (Large, private, formal or appraisal-based)

Although the survey found that the majority of organisations do not rate staff, within this group, rating or scoring staff was recommended. These were sometimes – but not always – related to financial rewards. The expectation was that staff should agree with their ratings at reviews, rather than have cause to be surprised by their results; especially if there had been ongoing and regular meetings prior to the ratings process.

"It should never be a shock when they're coming to these things [formal reviews] because […] they should know because you've done […] daily feedback with them and I give a lot of feedback on the spot, just to try and nip it in the bud really, to help […] out." (Large, private, formal or appraisal-based)

There should also be an opportunity for performance management output to be reviewed by peers, with approval of ratings and rewards taking place at a higher level to guarantee consistency and fairness across the organisation. This was particularly relevant in organisations which awarded performance-related pay.

For employees in large, private sector organisations with less formal or non-appraisal based PM systems, there were 2 primary components of the PM system.

Firstly, objective setting is required. The frequency for setting objectives varied, from quarterly to annually, as did the focus, with some companies requiring individual performance targets to be set and some requiring objectives based on behaviours. It was important for objectives to be personal and meaningful, as see in this quote below:

"[They] can be a tick in the box. Getting something in there that actually means something for the individual for them to work towards, it's, I think that's the goal." (Large, private, less formal or non-appraisal based)

The second component was a robust reporting system, in order to establish whether someone has met their targets. A reporting system can also promote objectivity within the PM system. This may be based on a management information system which captures the quantifiable metrics that 'feed' specific objectives (for example. achieved sales figures), but many felt that it was also important to award a more holistic rating as well. Two examples are given below.

"It's good to know you're meeting that target. Also, how were you as a person because you could be fantastic at meeting your targets but be hated by everybody in the business." (Large, private, less formal or non-appraisal based)

"We're given […] a quality […] framework of core values and behaviours and things that the person, the individual, what they think where they sit in there. And obviously, they take […] these forms to the meeting and have to discuss it with the manager." (Large, private, less formal or non-appraisal based)

This demonstrates the importance of behaviours when assigning performance ratings for this group.

For individuals working in small, private sector organisations with a formal or appraisal-based PM system, the PM system was described as supporting employees through every stage of employment. For example, one key component of the PM system is to support the induction of new employees. Tasks such as reviewing the job description with a manager were said to ensure that new employees understand the expectations of the employer during the induction period and during their employment, helping the individual to succeed in their new role.

"That's managing the new starters' performance and setting your expectations for them and making sure that they've got in place what they need as a new starter." (Small, private, formal or appraisal-based)

Following induction, the PM system should include opportunities to identify development needs and offer opportunities such as training, shadowing, mentoring and coaching. These could be managed through regular meetings between employers and employees. These regular meetings were defined as continuous support, which often included one to one meetings on a monthly basis and mid-year and full-year performance and development reviews.

Supporting the exit of employees was also discussed by this group. Documenting the exit of individuals, both voluntary exit and through disciplinary proceedings, helps the business to understand the reason for exit and ensure a smooth transition.

"If they're exiting in, in the right way, they've resigned, they've found another job, then you do an exit interview with them, sit down and make sure that they've handed back all of the property - all of that is still managing their performance and […] making sure that they exit the business in a positive way." (Small, private, formal or appraisal-based)

Documentation was also mentioned in the context of providing support to employees with disabilities. Documenting access requirements and support required would enable managers to make reasonable adjustments for individuals with disabilities, and protect the business in case of any legal claims.

"If you have got somebody that's under the [Disability Discrimination Act], legally, you have to show that you've made reasonable adjustments ... it's just a case of protecting the business and making sure you have made those reasonable adjustments for them, if the business can sustain it." (Small, private, formal or appraisal-based)

Finally, the group felt that it is also important to establish how the PM system intersects with other policies – such as grievance policies, codes of conduct, and anti-bullying policies.

Strong systems were also identified as a priority for individuals from small, private sector organisations with less formal PM systems. This group felt that keeping records of PM activity (review meetings, development plans and so on) protected both the employee and organisation, particularly if performance was linked to appraisal. Furthermore, record-keeping was prioritised even in the case of relatively informal PM activity, such as brief 'catchups', although these meetings tended to be only loosely structured.

"I just think it's important that they see people doing that recording. It's good then 'cause you can look at their training programmes and what they need […] we do chat informally but they do know that, you know, we're a professional company and, you know, we have to put things down." (Small, private, less formal or non-appraisal based)

These catchups were part of a process of 'continual feedback', another component of the PM system that was stressed by this group. Regular meetings were helpful for identifying issues as they arose, rather than waiting until a formal mid-year or annual review meeting. This again tied into record-keeping. Staff should be encouraged to document their own progress through the year, and present their successes during these meetings.

"I always say to them, you know, if something really good happens, you'll forget about it when you come to meet with me, so go on the system and put something down so we do discuss it, I've read what you've said you've done and we can go through it." (Small, private, less formal or non-appraisal based)

It was also important for training and development opportunities to be incorporated into the PM system, including reassignment of positions for staff that were not in suitable roles. Good performance management indicates to staff that they will be supported

throughout their employment.

Among individuals representing large, public sector organisations with formal PM systems, training and development was also a core component of a good PM system. Tools such as competency frameworks and personal development plans were identified as methods for assessing future training for employees, while behavioural frameworks could also be useful to promote organisational values, which this group also felt was a key purpose of the PM system. This group felt strongly that managing performance meant focusing on strengths, to help to motivate employees and encourage good performance, but not at the expense of addressing any weaknesses.

"I think the use of positive language in strength-based conversation's really correct. I think my only concern would be that we don't dilute the negatives too much so that the staff go out, not realising what they've been, you know, they come out thinking, 'Oh that all went really well'." (Large, public, formal or appraisal-based)

PM systems should allow for the setting of goals, particularly SMART goals, which can be reviewed throughout the year. This group felt strongly that performance management should be more than a 'tick box exercise', but agreed that another component of the system should be record keeping, to protect the organisation in case of legal disputes in the future.

"When you've got a conflict […] and you don't document it, the, the unions will eat you up alive. [That's] why documentation is important." (Large, public, formal or appraisal-based)

In order to prevent a PM system from becoming a 'tick box exercise', this group felt that managers should be trained in how to use the system effectively and appropriately. This links to the principles of the PM system identified by this group, which included embedding the system into organisational culture in order to prevent performance management from being seen as a top down, purely administrative tool.

One final component mentioned by this group was the requirement for frequent, ongoing conversations with teams. While these meetings would vary according to team requirements, regular meetings should be built into the system, with documentation required for mid-year and annual appraisals. These regular meetings would strengthen the validity of the PM system by capturing any early problems, rather than waiting until a formal discussion takes place.

In the final group, consisting of individuals from small, public or voluntary sector organisations, the key component of the PM system was identifying objectives for employees. These should reflect organisational values and behaviours, and also take into account the experience of the individual. Objectives should also reflect any identified training gaps in the organisation, and detail the tasks that may be required to achieve the objectives. This could also include the use of tools such as personal development plans, to define both short and long term goals.

"If there's a skills gap you need to identify that before you can allocate tasks, there's no point asking somebody to do a spreadsheet on Excel if they can't use Excel." (Small, public or voluntary sector)

Continuous reviews were also a requirement for this group, with regular meetings established to discuss an individual's progress towards objectives and milestones throughout the year. An end of year assessment was recommended, with the caveat that regular meetings should occur before a formal annual meeting, to ensure that employees have had opportunities to develop and improve before ratings are made.

"I've inherited staff that have never had a review over the 12 months, ever, and yet they're expected then to be given [a] lower box marking […] I really can't do that, you know, you've given no opportunities to improve, not fed back […] on their performance, and yet, you know, you're expecting them to accept that." (Small, public or voluntary sector)

Underpinning this system was clear guidance for managers to use the PM system, and a mechanism for documenting evidence, which was especially relevant where staff were underperforming and there was a perceived risk of participants raising grievances against the organisation.

Table 4: The key components of a PM system (Summary)

Trend	Large private formal or appraisal-based	Large private less formal	Small private formal or appraisal-based	Small private less formal	Large public formal or appraisal-based	Small public or third sector
Able to identify training and development needs			X	X	X	X
Able to support employee inductions			X			
Annual and/or mid-year reviews or appraisals	X		X	X		X
Capturing employee feedback	X					
Communication as motivation	X					
Documenting and recording evidence	X	X	X	X	X	X
Documenting legally required support, such as for people with disability				X		
Focus on strengths					X	
Monitoring of performance against objectives	X					
Objective setting	X	X	X	X	X	X
Other regular meetings	X		X	X	X	X
System embedded into organisational culture					X	

3.3 Identifying design and implementation issues

Focus groups discussed the challenges faced by businesses in both the design and implementation stages of a PM system, both at an organisational and sectoral level. Because most participants had greater experience in implementing PM systems in a managerial role – through annual reviews and appraisals – rather than in designing the PM system itself, discussion around design was often theoretical, centred on what key features were felt to be missing in the design stages of a new or improved PM system.

3.3.1 Identifying design issues for PM systems

The first section of the session focused on the challenges in designing a PM system and what was needed to create something successful. Participants from large, private sector organisations with formal or appraisal-based PM systems highlighted a range of design issues. First, the financial implication of a largescale, online PM system had to align with the company's needs and budget. Some participants from large, multi-site organisations identified the challenges of creating a system that would work effectively, and be relevant across multiple teams and sectors. There was often a trade-off between the effectiveness of the system and affordability. One participant stated:

"We haven't got that kind of budget […] to put in [an online PM system] and then to do it related to pay as well. It's even more money." (Large, private, formal or appraisal-based)

Similarly, participants in international organisations mentioned the issues of creating a system that worked across countries. They felt there was a lack of practical guidance on how to design an effective system, and could often only find theoretical academic work that related to performance management. They identified a need for innovative, functional and practical guidance that offered successful templates to incorporate into their own systems.

"Anything I read on PM systems usually is really generic… it's never anything ground-breaking in performance management apart from if it's maybe just too theoretical." (Large, private, formal or appraisal-based)

Individuals in this group also felt the use of outsourced PM systems prevented staff buy-in and resulted in a system that was viewed as irrelevant and not useful.

"Somebody goes out and buys a system and then enforces it on us all, and I don't ever feel that we've ever necessarily been asked." (Large, private, formal or appraisal-based)

Decisions for the systems were too often made in silos and enforced onto staff, preventing co-production and staff ownership within the system. Participants felt that input should be sought from all levels of an organisation when designing a system, in order to ensure relevancy and staff buy-in.

"I think everybody should have some sort of input… I think there's something around people taking ownership 'cause it has to be led by the individual." (Large, private, formal or appraisal-based)

In addition, the training of managers was seen as a vital element when designing the system. Many participants stated the lack of consideration for training in the design phase of the system often led to poor outcomes in the implementation stages. Managers needed both technical skills to operate the system but also soft skills such as leadership and interpersonal skills to know how to effectively deliver the system to staff.

"[People should] get proper training as a manager and [know] how to deliver or train their team of people on how to use the system, because […] they don't really know what they're doing." (Large, private, formal or appraisal-based)

Furthermore, participants often used their own offline versions of the 'official' PM system, since these were said to be easier and quicker to use. The usability of the system was important during the design of the new system. Some participants felt some of the outsourced performance management platforms used by their organisation were not user-friendly and were time-consuming to complete.

"We've got a multi-million pound performance system, which is just this vile grey tick box thing that you can – there's drop downs and there's bits you can type in, and no one does it, no one completes it." (Large, private, formal or appraisal-based)

System usability was similarly prioritised by another group – representing individuals from large private sector organisations with less formal or non-appraisal based PM systems – as being a key concern when designing a PM system. PM systems needed to be simple and easy to use for all staff.

"It needs to be short, snappy, that kind of thing, so that it's not a chore." (Large, private, informal)

This group recognised that many of the existing systems used by their organisations were inflexible and not personalised for each staff member. Staff members who required additional support had to depend on the responsibility of the manager to rearrange the system.

"There's a few [people] in ours that have got disabilities [...] A system from our point of view […] is really a one size fits all. And the local manager will probably have to […] make it fit." (Large, private, less formal or non-appraisal based)

Likewise, the training of managers in how to use the PM system was a key design concern. Participants identified 2 main barriers to managerial training. First, managers were said to lack the technical skills required to use systems effectively. Some participants felt that this was due to the system itself being inherently complicated and difficult to understand and use. Others attributed it to the lack of regular training that caused insufficient use of the system.

Second, some managers were seen as having a negative attitude towards PM systems and therefore lacked the will to learn to use it. This resulted in a loss of credibility of the system in the eyes of staff at lower grades.

"We have managers that can't use the system […] And they have no intention of learning it […] that's when you […] lose respect for the system." (Large, private, less formal or non-appraisal based)

The group also discussed the lack of anonymous feedback within PM systems. Some PM systems allow ratings to be seen by all staff to improve transparency across the organisation. However, confidentiality was seen as a key factor of a good system design. Anonymity ensured staff trusted the system and felt comfortable using it.

One focus group member said:

"If the people that are using it don't feel comfortable with it or don't feel it's efficient, then you're going to lose trust in that system and ultimately you're just going to lose the liability of it, aren't you?" (Large, private, less formal or non-appraisal based)

For this group, it followed that a PM system needs to be designed with credibility, trust and confidentiality in mind in order for it to become truly effective and well used.

Participants from small, private sector organisations with a formal or appraisal-based PM system highlighted the need for more transparency within the design of the PM system. Some participants felt that the system facilitated unfair practice and that a lack of monitoring, transparency and accountability built into the system made bullying and discrimination possible. For example, one participant stated that the lack of transparency around the setting by managers of employees' objectives allowed unfair targets to be set.

"It can be a form of bullying because you do sometimes find that managers will set objectives that they know full well are not realistic and achievable…" (Small, private, formal or appraisal-based)

For some, a lack of transparency and credibility in the PM system prevented employees from raising concerns of mistreatment and unfair performance expectations due to fear of direct dismissal. One participant's experience highlighted the need for greater transparency:

"This manager used to say, you tell anybody and I'm sacking you." (Small, private, formal or appraisal-based)

In addition, participants stated there was a need to have a simple PM system that fitted into busy work schedules. Many participants complained about the length of time required for each employee to use the PM system, with forms being described as complex and time consuming to complete. This reduced the likelihood of managers and staff regularly engaging with the system.

"If you ask them what they like the most, some of them will say, oh, I don't like doing [performance and development reviews] at all, it's too time consuming, it's too much paperwork." (Small, private, formal or appraisal-based)

These participants also pointed to the inadequacy of their PM systems for supporting staff with disabilities and long term health conditions. Small organisations with limited financial budgets struggled to design a system that could provide the reasonable

adjustments and additional support required when an individual was underperforming due to a disability.

Finally, the importance of managerial training was stressed. Participants felt that managers needed to better understand HR policies and systems in order to use them effectively themselves. Moreover, their failure to do this was said to reduce the likelihood of wider staff buy-in, a commodity which this group valued. Participants' reasoning here was that, because organisational culture is led by managers, the latter's lack of proper engagement with the PM system strongly, negatively influences the attitudes and beliefs of the employees they managed towards it.

"If you want consistency, your managers need to be consistent 'cause they're the ones out there delivering it, so you've got to train them and make sure that they understand the policies and procedures." (Small, private, formal or appraisal-based)

Individuals working in small, private sector organisations with less formal or non-appraisal based PM systems focused on how limited financial capabilities affected performance management design and the ability to support underperformers effectively. Participants argued that it could be prohibitively costly to support underperforming individuals who have additional mental health needs and felt that it could therefore be necessary to dismiss an employee rather than draw on additional resources to provide specialised training or support. One participant stated:

"If [a staff member with depression] can't do her job and it's going to cost us £10,000 in training to put her there, do you know what? It's not the right job for her, you just need to get rid and we'll start again." (Small, private, less formal or non-appraisal based)

Some of these participants went further still and argued that PM systems which do provide additional support and reasonable adjustments for staff with mental health problems are inherently 'unfair', since this was seen as holding some team members to a 'lower standard' than their peers. Indeed, there was broad agreement within the group that PM systems should have one set standard that all staff are required to meet, regardless of any health conditions. This is illustrated in the quote below.

"It's unfair to the other people who theoretically don't have mental health issues, etc. Why are they treated differently because they've got mental health? They're expected to do exactly the same job as me." (Small, private, less formal or non-appraisal based)

To some extent following on from this line of reasoning, there was agreement among this group about the importance of wider staff buy-in as a driver of the PM system design, insofar as staff need to be able to understand the value of the PM system for individuals and see how it can be beneficial for them. Without this staff buy-in, participants argued that the system itself would lack value, regardless of how well it was implemented.

"They need to understand why you need [performance management]. Why it's value-added and why it's important to do it." (Small, private, less formal or non-appraisal based)

In contrast to the previous group, for participants from large, public sector organisations with a formal or appraisal-based PM system, there was an emphasis on designing a system that was fair and accountable for all staff with different needs. Participants felt it was important for an organisation to have a clear understanding of how the PM system was aligned with other systems within the organisation, such as recruitment and disciplinary procedures. It is the role of the HR structure as a whole to promote key principles of inclusivity and fairness, which feed into each specific system.

The group also highlighted the need for accountability and transparency within the PM system. Participants felt strongly that creating a platform for feedback on the system was vital when designing it. Employees should be able to give honest feedback on the PM system itself and the capabilities of the managers delivering it. Ensuring the accountability of managers was seen as a major challenge when designing a system, yet it was necessary for staff to trust the system and view the performance management as credible and fair.

"[The organisational has] to act on the feedback after, because there's no point saying that, oh, you know, in that bit of the organisation your managers are treating you unfairly, but those managers are still in those same roles 20 years down the line." (Large, public, formal or appraisal-based)

Furthermore, adequate time for managers to implement the system was identified as a key challenge. There was an overall agreement that managers often lacked the capacity in their job role to fulfil the requirements of their performance management duties. Participants felt this resulted in a lack of development and training opportunities for capable staff, and sometimes the retention of poor performing staff.

"Those ones in the bottom. He [the manager] has to do a lot more work for those, than the ones on your top of your pyramid, and the middle of the pyramid, so, he kind of neglects them, and I think that's where the system fails." (Large, public, formal or appraisal-based)

For participants from small public sector and voluntary sector organisations, there was a focus on the necessity of achieving staff buy-in for an effective system. Rather than a top down outsourced PM system that was inflexible and time consuming, a co-productive approach was favoured. Participants felt staff buy-in was vital. A successful system design incorporated continuous feedback throughout the key stages of design and piloted the system to create a system that staff found useful and valued. Without staff buy-in, there was a fear that systems became inflexible and less likely to be relevant, relatable or valued by staff.

"You might have a thousand people working there and out of those thousand people, if the 10 people have written it and designed it, have not spoken to those thousand people of course it's never gonna work." (Small, public and voluntary sector)

"If your staff […] are not feeling like this is a worthwhile cause, they're just gonna, literally, it's just a tick box exercise." (Small, public and voluntary sector)

Second, participants discussed the impact of limited public funding on the quality of the systems used. A lack of investment in HR systems meant that poor quality systems were purchased or designed with set standards and targets that did not work for all job roles in practice.

"They've [local governments] obviously been given a steer, based on budget to actually design a system that would fit into that. So […] they're not designing a system that would fit everybody." (Small, public and voluntary sector)

Table 5: Design and Implementation issues by organisational size, type and existing PM system

Trend	Large private formal or appraisal-based	Large private less formal	Small private formal or appraisal-based	Small private less formal	Large public formal or appraisal-based	Small public or third sector
Limitations of high cost of PM Systems	X					X
Lack of design guidelines	X					
The need for managerial training	X	X	X		X	X
The need for co-production of system with staff	X	X			X	
Monitoring and feedback on system			X	X	X	X

The need for an easy, quick and user friendly interface	X	X	X	X	X	X
The need for a system that can be personalised		X				X

3.3.2 Identifying implementation issues for PM systems

The second section of the session focused on the subsequent challenges faced when implementing PM systems and how to overcome these. Participants mentioned a range of issues such as staff training, accountability and attitudes. For participants from large, private sector organisations with formal or appraisal-based PM systems there was a focus on the role of the manager implementing a successful PM system. Line managers should play an active role in supervising staff performance on a daily basis and building healthy working relationships with staff, rather than simply focusing on PM discussions.

Some participants had experienced performance reviews being delivered by specific performance managers rather than direct line managers, who relied on collected evidence rather than a more holistic understanding of an individual's daily performance and attitude. This was viewed negatively, as performance management was seen as a regular activity that should only be implemented by managers who interacted with staff daily.

"When you're a performance manager you can absolutely not meet that individual apart from twice a year, and if you've got their feedback and someone says they're absolutely shocking, attitude stinks, never turns up to work, skirt's always too short, you've got to be the person that delivers that message but you've never met them." (Large, private, formal or appraisal-based)

Likewise, participants promoted the benefits of an engaged line manager. Managers who implemented a more proactive rather than reactive response to performance reviews were able to detect earlier any underlying issues that could cause underperformance in certain staff. This allowed managers to better support staff and improve performance and job satisfaction.

"If we're doing performance management right […] you will have your meetings with your individuals you'll be able to pick up why they're off and then […] you know I think […] it plays a huge part, performance management more in being proactive rather than reactive, [in] understanding what's going on for that individual. Maybe there's a reason for that absence that, you know will come out in your regular conversations." (Large, private, formal or appraisal-based)

Additionally, participants identified the need to have consistency in how managers implemented performance management. The group felt that there were disparities between managers in their ability to conduct performance reviews, even within the same organisation and using the same PM system.

For example, while one participant had received positive constructive reviews, others had experienced unstructured and unorganised reviews. Therefore, the group highlighted the need for managers to adhere to the same standards and practice when conducting annual appraisals and other performance management procedures. This ensures the system is being implemented fairly and was seen as credible by all staff.

"[You should make] sure that there is absolute consistency across the board in the approach, because I think the thing is when you're appraising - a PM system, you know, mavericks over here that don't like what you're supposed to do potentially will just go and create their own." (Large, private, formal or appraisal-based)

Another focus group, representing individuals from large private sector organisations with less formal or non-appraisal based PM systems, pointed to the need as they saw it for better staff training on how to effectively use online PM systems. Participants felt that some older staff in their organisations were not as confident in using modern online based technology platforms and this was said to have had a negative impact on their effectiveness.

For example, this group felt that some older staff members struggled to input evidence for reviews, which could affect their performance reviews, which in turn may discourage companies from hiring older workers. Therefore, training of all staff was identified as vital to implement an effective system.

"If you can't keep up to date with that technology they're just not going to be taking those people on." (Large, private, less formal or non-appraisal based)

Another issue highlighted was the need to regularly collect and act upon staff feedback on the PM system itself. Having this feedback loop ensures that PM systems are monitored to confirm that they are delivering on their key principles, such as being fair, unbiased and transparent. This in turn affects greater staff buy-in, as they have a sense of being able to influence how the system is delivered.

"Everything still needs to be monitored, whether you think it's valid or not. Because you'd want to see if that's a general feeling across a group that people are scared to express it." (Large, private, less formal or non-appraisal based)

Likewise, participants from small private sector organisations with formal or appraisal-based PM systems highlighted how the failure to regularly engage with staff as part of the PM system affected its overall effectiveness. Organisations that created sufficient time for managers to conduct timely reviews and appraisals were viewed as delivering an effective PM system. In contrast, some participant highlighted a tendency for performance issues to be 'stockpiled' until an annual review.

"You shouldn't stockpile all of the issues from 6 months ago … so when you have the appraisal, they shouldn't sit there and have lots of things dropped on them, there shouldn't be anything that they don't really know that hasn't been tackled and touched upon before." (Small, private, formal or appraisal-based)

Indeed, the regularity of performance appraisals was seen to affect staff motivation. Where staff felt undervalued, their sense of not being given sufficient time during their annual appraisal could entrench this feeling and lead to demotivation in the workforce. Accordingly, participants highlighted the positive motivational effects on the wider work environment of having regular, high quality appraisals:

"Performance reviews, appraisals… if they're done badly, they can really demotivate." (Small, private, formal or appraisal-based)

Another factor that influenced staff motivation and performance was how managers themselves delivered the appraisals. Participants felt that managers often lacked the interpersonal skills required to deliver reviews to staff. One participant shared their experience of interacting with a manager with poor social skills:

"We had a manager who was apt for sales, absolutely brilliant, but the way he speaks to staff is shocking and when I joined, they're like, oh, we don't tackle it because [he's] so good at the sales element, but actually, no […] you've got to take the whole of it." (Small, private, formal or non-appraisal based)

Similarly, individuals working in small, private sector organisations with less formal or non-appraisal based PM systems focused on the role of the manager in delivering a PM system. First, participants identified issues around manager bias towards staff; managers may give individuals who they had a 'good working relationship' with better performance reviews than others, which led to unfair performance appraisal outcomes. There was a lack of transparency to ensure that performance was being handled consistently across the organisation. One group member stated:

"We're always a bit more lenient with people [we] like anyway, regardless of what the procedures are." (Small, private, less formal or non-appraisal based)

Furthermore, there were issues in the way line managers were expected to deliver performance reviews to staff. One challenge mentioned was unrealistic expectations from senior management for staff to meet unachievable objectives. Managers may be responsible for leading their teams to meet these objectives, and are therefore under pressure themselves, which in turn could lead to frustration towards staff for delivering poor performance outcomes. This led to demotivation in the workforce due to targets being set in a top-down manner:

"I have a manger that's above me… they go down the route of, 'Well, that's your role, so you need to make sure that the people below you are achieving that', even though they know that it's possibly unachievable and it's been set by somebody above them." (Small, private, less formal or non-appraisal based)

Respondents felt that it was not always possible to balance the needs of the business with the employee's desire for training, especially when the latter was not aligned with the business' objectives. There were no clear solutions offered, but the group felt that it was important to encourage the employee to see how their role and progression aligned with the progression of the organisation.

Examples were given of methods for overcoming some of the performance management challenges faced by small businesses. For example, one participant noted that it was difficult finding time to meet with staff working solo and offsite in the security business, so the supervisor would often visit employees during their shifts instead. This is a good example of how small and large organisations can face very different challenges when implementing performance management systems.

In contrast, for participants from large, public sector organisations with a formal or appraisal-based PM system, the discussion about implementation issues focused on their use of digital tools and resources for delivering performance reviews more efficiently. The use of simple technology would make implementation both quick and user friendly for both mangers and staff.

"Give the electronic tools, digital tools, for [them] to enable it to work." (Large, public, formal or appraisal-based)

However, some participants had reservations that, unless the technology was aimed at the organisation's current level of ability to use digital tools, then it could create further challenges should the system prove too complex to use.

In addition, these participants felt that the PM system should be delivered in an inclusive way. This allowed staff to have additional support if needed and helped improve workforce performance because people felt support by the organisation.

"If you underpin it with […] 'let's value people, let's value difference, and be inclusive', but recognise there is a thing that, you know, some people might be really potentially great, providing they're in the right role that suits them." (Large, public, formal or appraisal-based)

Last, for participants from small, public and voluntary sector organisations, there was an implementation focus on management accountability. Similar to other groups, participants felt that managers needed to deliver the system fairly and consistently across an organisation. Some group members gave examples of situations in which managers created a deliberately biased system which was used differently for different individuals. Whilst some employees were given positive performance reviews, others were given negative reviews, partly based on their social interactions with managers. The lack of monitoring of review outcomes was seen as a key issue within this group:

"I could be a really good friend of the employee or I might absolutely hate them and they're, just gonna sign it off and then there's no recourse and again there's no accountability on that." (Small, public and voluntary sector organisations)

This group also discussed the challenges of delivering a PM system to older staff. Some members identified older employees struggling with technological advancement within the job role as an issue which affected their performance outcomes and meeting targets. The issue was compounded if older employers were not motivated to engage with digital training – due to pending retirement – which could lead to even poorer performance outcomes.

"You've got these scenarios where people are put into situations where there's nothing else left, they've not necessarily got the skills or attitude to do the job but they're thinking, 'I've got 12 months left, 8 months left'." (Small, public and voluntary sector organisations)

Table 6: Summary of implementation features

Trend	Large private formal or appraisal-based	Large private less formal	Small private formal or appraisal-based	Small private less formal	Large public formal or appraisal-based	Small public or third sector
Managerial Training	X	X	X	X		
Use of Technology		X	X		X	
Management Accountability	X		X			X
Staff Attitudes					X	X

3.4 Hypothetical guideline statements

To further encourage deliberation, participants at the event were asked to discuss 3 hypothetical guideline statements concerning the need for a formal PM system and the purpose and key principles of performance management. Participants were asked to give general thoughts on each statement guideline, to say in what context the guideline may work and to suggest improvements.

3.4.1 The need for a formal PM system

Statement 1:
"It is not necessary to have a formal appraisal process. Many organisations could work without one and supporting staff development works better outside of an appraisal system."

The first statement focused on whether a formal appraisal system was necessary and if staff could be supported better outside of a formal appraisal system. Some groups highlighted the benefits of an informal system, yet this was conditional on the culture of the organisation. However, most sectors viewed a formal appraisal process as being necessary, with an emphasis of the need for collecting and storing evidence of both performances to ensure consistency and fairness. The use of an audit trail also fulfilled a secondary purpose of protecting careers and preventing unfair dismissal.

Individuals working in large, private sector organisations with formal or appraisal-based PM systems initially strongly disagreed that an organisation could function with a less formal appraisal process. They identified keeping an audit trail as one of the key features of using an appraisal system for all employees. Implementing an appraisal system ensured evidence of both high and poor performance could be captured and collected.

This was seen as important because a systematic process established fair and consistent performance outcomes related to an individual's specific job role. Since many individuals in the focus group related performance outcomes directly to monetary reward, the concepts of fairness and consistency were seen as critical elements of a formal appraisal process.

A further important function of a formal system was the need to collect evidence to ensure organisations have proof of your abilities for new managers. As one focus group member noted:

"I think it's beneficial for you and […] your career as well to have a formal process. Because […] if you were best friends with your line manager and you get on like a house on fire, and you're having informal chats about how great you're doing and there's nothing formalised ... if she left and you got a new boss that you really […] didn't get on with, your career's screwed." (Large, private, formal or appraisal-based)

There was therefore an expectation that an appraisal system protected employees and their future careers in case of organisational change.

While most organisations represented in the group viewed appraisal systems as necessary to monitor performance and ensure that employees were meeting targets, there was some discussion on where less formal PM systems may work, and an awareness of other organisations who had adopted this approach. Although there was disagreement on the validity of such 'informal' routes, some individuals were adamant that there were examples of successful implementation of less formal appraisal processes being associated with improved performance.

"They took away things like policies and performance management structure and just said, 'Do the right thing' and actually business performance went up." (Large, private, formal or appraisal-based)

This led to a discussion on the context and conditions that needed to be fulfilled for an informal system. Participants concluded that in organisations with effective management, an informal system could work.

"I think it depends on the culture of the organisation so I think if you've got […] a more forward thinking organisation with really capable line managers then […] I'd really agree [that you don't need a formal process]." (Large, private, formal or appraisal-based)

This highlighted the importance of organisational culture. If an organisation encouraged innovation and dynamic changes and demonstrated both leadership and staff buy-in, then it may be possible to work without a formal appraisal process.

Participants from large, private sector organisations with less formal or non-appraisal based PM systems similarly viewed appraisal systems as being necessary, despite reporting that they work for organisations with non-appraisal based PM systems. This apparent contradiction is explained by the fact that these participants were defined as working in a 'less formal or non-appraisal based PM system' because their organisation does not use an end of year performance appraisal. It is possible that these employees work in organisations which use a range of flexible and intermittent appraisal systems instead. It is also possible that they have experienced working with end of year appraisals in previous employment and may base their understanding of the system on this experience.

This group also felt that one central purpose of an appraisal system was its use as an audit trail. An appraisal system may allow evidence to be collected for reviews and appraisals at allocated times and to be inputted into an online structured system. The use of a formal appraisal process was associated with consistency and fairness within these large organisations as well as a method to protect an individual's career and the organisation itself. In this sense, 'formality' of the PM system was seen to mitigate the risk of dismissal.

"You've got your audit, haven't you . . .? Unfortunately it is always done to cover your back." (Large, private, informal or non-appraisal based)

Although aspects of a formal PM system were seen as useful, participants did discuss different contexts in which informal processes may work, for example, depending on the structure of the business. They also felt that a formal PM system involved structure and a time commitment from employees and managers, but could be managed online or offline. This group also felt that 'formal' PM systems were not unavoidably appraisal-based.

"[The system] doesn't need to necessarily be an online system or that process, no. But it definitely needs to be structured and booked in." (Large, private, informal or non-appraisal based)

Participants agreed that formal systems might not be appropriate in every sector and there was a need for flexibility and tailoring to ensure that the best 'appraisal system' was being delivered to each business type.

Another focus group, representing individuals from small private sector organisations with formal or appraisal-based PM systems, felt that an informal system could work in a small company with a limited number of staff and where there was no specific and structured HR department.

"It can do better. If you've got say, a small organisation of 15 staff and you've got one person who runs the company, the company owner, they're managing their staff - they might not need the formal appraisal." (Small, private, formal or appraisal-based)

Participants determined that larger organisations that were able to support a HR department needed more formal, structured systems. The group was concerned that having an informal system in a large organisation could prevent a consistent performance evaluation and allow managers excessive subjectivity over employees' performance outcomes and rewards.

Among participants from small, private sector organisations with a less formal PM system, there was a consensus that all organisations needed some kind of structured PM system, regardless of the size of the company. By having a structure, this ensured consistency across all departments of the business. Again, this might seem paradoxical given that these individuals had identified as working for organisations with less formal or non-appraisal based PM systems themselves. However, participants from this group were selected based on whether their organisation used a traditional end of year appraisal, the absence of which does not preclude the use of other, formal PM system components.

"I think you do need some kind of [performance] management system and that goes for whether you're in […] a company of five people or whether you're in a company of 5000 people." (Small, private, informal or non-appraisal based)

Another advantage of PM system formality was the ability to collect and document evidence. Participants felt there was a need to be able to formalise otherwise informal conversations about performance, to consolidate good performance, and for the purpose of recognising outstanding work by employees. Being able to file and store records documenting individuals' achievements throughout the year could then directly feed into annual reviews and hence support promotions and career progression – all through a transparent system.

"You sit there or walk away and feel like, I've done a good thing, but the actual bones of the meeting, it's not documented." (Small, private, informal or non-appraisal based)

For participants from large public sector organisations with formal or appraisal-based PM systems, there was greater discussion determining in what context a less formal system may work, and the benefits of a less formal system in comparison to a formal appraisal process. There was an agreed consensus that ongoing, informal and regular feedback was vital to support staff development. However, a formal appraisal system was still needed and relevant to consolidate feedback and monitor performance formally. The group felt that a less formal system could be used to support ongoing development, but on the condition that the organisation had the culture and resources to do so.

For example, one participant stated:

"It is not necessary to have a formal, annual appraisal, full stop. Many organisations can work well without one, providing there is an ongoing culture and mechanism for performance management, and developing, or identifying development needs." (Large, public, formal or appraisal-based)

A less formal system was identified as a means to encourage a culture of regular development amongst staff. Participants felt that developing informal conversations with staff outside of the formal appraisal system would be beneficial to both employers and employees across organisations. Therefore there was a concept that organisational culture could be both a driver and a result of less formal appraisal approaches. One focus group member noted:

"Something outside of an appraisal system, might help working with performance conversations...it will maybe benefit everybody concerned if you have more regular performance conversations, and maybe that […] should just be encouraged culturally to do." (Large, public, formal or appraisal-based)

However, an appraisal system was still valued by all participants. A formal process or system was seen as being necessary to monitor targets and as a mechanism to link performance outcomes directly to training and development. An appraisal system allowed training needs to be identified, which allowed staff to gain specific and relevant skills. This could improve an individual's performance but also

support the effective and smooth operation of the entire organisation.

"Development should be linked to ongoing performance management, because, otherwise, there'll be a disconnect between how well people are performing and the skills they need to improve [...] If somebody needs development in certain areas, how do you know that, if you haven't got the performance management to back it up?" (Large, public, formal or appraisal-based)

Participants from small public sector and voluntary sector organisations felt strongly that formal systems were necessary because they ensured the fair and consistent monitoring of both positive and negative performance. The use of documented evidence in appraisals ensured the process of performance management was both clear and transparent.

"You're gonna have somebody who's doing the same job really well and not so well and without having an appraisal system, you're never gonna get that." (Small, public and voluntary sector)

Participants also identified the protection of an individual's job position as being a feature of a formal system. Participants discussed examples from their own careers where the use of evidence collected from a formal appraisal ensured that an individual was not dismissed when challenged with alleged unfair treatment of a colleague. A formal appraisal process ensured job protection when evidence was required.

"If […] there wasn't a formal system then I would've shown that […] I victimised this person." (Small, public and voluntary sector)

3.4.2 The purpose and implementation of annual appraisal reviews

Statement 2:

"The appraisal process should not be used as a management tool to identify, document and deal with poor performance. Instead, managers should have the responsibility for identifying and managing conduct and performance issues as part of their everyday role."

This second statement focused on day to day performance management. Sectors had contrasting views on the role of appraisals and how they related to managing poor performance. All sectors agreed that managing performance was part of a manager's daily role and that issues should be dealt with immediately, rather than postponing issues until the annual review.

Overall, individuals working in large, private sector organisations with formal or appraisal-based PM systems felt that the appraisal system was a tool to deal with poor performance, especially to identify and measure staff that are underperforming. Yet, there was an understanding that performance management should be handled sensitively and ensure improvements for staff were constructive.

"It is there to […] identify poor performance […] It shouldn't be a shock to them [...] It can be a positive as well as a negative." (Large, private, formal or appraisal-based)

However, participants did agree that managers should identify and manage performance issues as part of their everyday role. The role of managers in performance management was viewed as the first point of contact when identifying poor performance and, if possible, the issue should be resolved in a quick and timely manner, rather than postponing issue(s) until an individual's annual review. One focus group member stated:

"Managers should be dealing with poor performance as soon as it happens, you know. You shouldn't be, you know, waiting for a performance review to deal with it. You should be, things should be dealt with immediately." (Large, private, formal or appraisal-based)

In contrast, participants from large, private sector organisations with less formal or non-appraisal based PM systems felt appraisal systems were not for dealing with poor performance. PM systems should motivate staff and facilitate personal development and training opportunities, while poor performance should be managed outside of the appraisal system. However, this was dependent on functional relationships between managers and staff.

"If you've got good relationships, it might just be a phone call saying, 'So, this has gone wrong and that's because you haven't done X, Y and Z." (Large, private, less formal or non-appraisal based)

Participants agreed that performance management was a regular managerial duty; that managers should ensure that issues were not only ever addressed at the point of the annual appraisals/review. This allowed staff to have sufficient time to improve their performance and engage with any additional training or support suggested. However, there was a discussion about the feasibility of implementing the suggested guideline on a daily basis,

"It's […] part of their everyday, but […] do we need to manage it every day? No, because people work well most days, it's only going to be the odd time where you have to do managing." (Large, private, less formal or non-appraisal based)

For participants from small, private sector organisations with a formal or appraisal-based PM system, there was an agreement that the role of the appraisal system was to deal with poor performance. However, poor performance had to be identified prior to the formal annual appraisal review and monitored to ensure staff had a fair amount of time to rectify their performance:

"You're not waiting for the appraisal, so the appraisal underpins what you've been identifying all year." (Small, private, formal or appraisal-based)

Likewise, participants viewed performance management as being a more regular task, but nevertheless valued the appraisal system to solidify informal conversations throughout the year and to make more definitive decisions on long term underperforming staff.

"It should be absolutely to identify but it should be to reinforce what you've already said." (Small, private, formal or appraisal-based)

Another focus group, representing individuals from small private sector organisations with less formal or non-appraisal based PM systems, disagreed on the purpose and function of the appraisal system when dealing with poor performance. Although all participants agreed poor performance should be addressed at the earliest opportunity, there was disagreement about whether the appraisal system was the correct system to deal with performance issues. Some participants felt appraisals were primarily to focus on positive staff development and give helpful suggestions to improve career progression.

One participant said:

"It should be - you've done a good job and there are the reasons why you've done a good job." (Small, private, less formal or non-appraisal based)

However, other participants viewed appraisals as a platform to discuss poor performance, and any evidence that has been used to identify a staff member as a poor performer. This discussion should then be documented.

"If you don't document the poor performance in the appraisal then what's the point of having the appraisal." (Small, private, less formal or non-appraisal based)

Given that the appraisal process is one of the defining features of a 'formal' PM system as traditionally conceived, participants' different views on its purpose here are instructive. Elsewhere in this report we have seen that participants classified for the purposes of this research as using 'less formal' PM systems and those using 'formal' systems both adhere to the use of some form of structured appraisal mechanism.

But, here, in their views on the purpose of the appraisals process, a key difference emerges: private sector participants who use formal PM systems – large and small – tend to unite around their judgement that appraisals are a management tool for dealing with poor performance, whereas the opposite view dominated among those using less formal systems (again, irrespective of size).

So it may be that, when thinking about the 'formality' of PM systems, there is a more essential consideration than whether or not an appraisals process is used at all meaning the extent to which these processes are integrated with wider mechanisms for managing underperformance.

Meanwhile, public sector and voluntary sector participants tended to align with those private sector participants using less formal PM systems that is to say, they tended not to see appraisals as an underperformance instrument. For participants from large, public sector organisations with formal or appraisal-based PM systems, there was unanimous consensus that appraisal systems were not for dealing with poor performance and that it was a key role of the manager to deal with performance on a daily basis. Managers were seen as responsible for identifying and managing conduct and performance issues continually.

"Managers should have the responsibility for identifying and managing conduct and performance issues as part of their everyday role, and then perform ongoing performance management process." (Large, public, formal or appraisal-based)

There was also an understanding that an effective manager would keep up with employees' performance regularly and discuss any issues on an ad hoc basis to ensure ongoing fairness and transparency with staff. Annual appraisals should not be the only time for discussing (under)-performance, because performance should be managed throughout the year, so that individuals, in turn, are able to demonstrate improvement over the course of the year.

"If you just leave it to, let's appraise that person's performance at the end of each year […] identifying those poor performers who you get year on year [...] it's not fair on them." (Large, public, formal or appraisal-based)

Finally, participants from small, public sector and voluntary sector organisations felt that appraisals should focus on positive performance outcomes and that their function should be to encourage staff, rather than discipline them for poor performance.

"It's not just about dealing with poor performance, isn't it? It's also acknowledging good." (Small, public and voluntary sector)

Effective management was acknowledged as being necessary to 'constructive appraisals'. Managers need to develop positive relationships with staff in order to understand the underlying issues that may be causing underperformance, including external factors, and provide additional support if required.

"Give them the support that they need [...] and find out why they're poorly performing." (Small, public and voluntary sector)

3.4.3 The principles of measuring performance

Statement 3:
"There should be 3 key features of how staff performance is measured.
Firstly, the focus should be on demonstrating the values of the organisation. Measuring performance should focus mostly on staff displaying the values and behaviours the organisation wants to promote. Secondly, there should not be a 'one size fits all' set of standards for measuring performance against a task for all employees. Standards used to measure performance should vary to meet the skills and abilities of the individual employee, especially those with a disability.
Thirdly, set targets, such as SMART objectives, can be useful but should not be the main focus of an appraisal."

This final statement prompted a wide range of opinions across and within all focus groups – most notably, there were conflicting views on how to support disabled staff and about the use of reasonable adjustments. Most groups agreed that SMART objectives were useful for performance management, but that their usefulness was job role-dependent.

There was some limited discussion about whether performance measurement should focus on staff displaying the values and behaviours of the organisation. Individuals working in large, private sector organisations with formal or appraisal-based PM systems, agreed that performance management needed to promote company values. Individuals from small, private sector organisations with a formal or appraisal-based PM system felt that, where employees incorporated the values of the organisation as well as achieving targets, this provided an indication of high performance. Performance was viewed as being about more than just 'meeting objectives' but also extended to employees' overall attitudes.

"You're not seen as a top performer unless you've got both […] excellent performance on KPIs […] and the values as well." (Small, private, formal or appraisal-based)

The group working in large, public sector, with formal or appraisal based systems questioned the relevance of an organisation's values to an individual's performance. Participants felt that organisational values were often abstract and particularly likely to be detached from the jobs of employees in lower grades. This fact was said to limit staff buy-in to company values and ethos:

"If you've got sort of a series of aspirational values that make no sense, and nobody ever remembers, then that's meaningless." (Large, public, formal or appraisal-based)

When discussing the 'one size fits all' approach referred to in the statement, the majority of participants in large, private sector organisations with formal or appraisal-based PM systems agreed that this criterion was unfair. Instead, support and reasonable adjustments should be made to cater for disabled staff and individuals with learning difficulties, to meet their own specific targets. Participants saw the need for a standard measurement procedure for performance, but including scope for reasonable adjustments could promote fairness and equality within the workforce. The expectations of individual job roles should be standardised to ensure consistency of work; reasonable adjustment was seen as a method to ensure consistent work outcomes regardless of an employee's specific additional needs.

"It has to be fair and consistent for everybody doing the same role but you have to provide enablement and adjustments for people who, you know can do the role but just need a bit of extra support." (Large, private, formal or appraisal-based)

Participants from large, private sector organisations with less formal or non-appraisal based PM systems also supported flexibility at an individual level when setting personal targets, but felt that performance standards for job roles needed to be consistent across the organisation to ensure fairness and transparency.

"We're always going to have that personalisation, aren't we? On top of the standards?" (Large, private, less formal or non-appraisal based)

For participants from large public sector organisations with formal or appraisal-based PM systems, there was an understanding that consistent standards could still be achieved even if reasonable adjustments were implemented for disabled staff. Participants felt that open dialogue and communication between staff and management was vital, to ensure that an employee had the relevant support and additional adjustments in order to meet the expectations and performance standards of the job role.

"I think the standards have to be consistent, but then the discussions then focus around the skills and abilities of the individuals." (Large, public, formal or appraisal-based)

Similarly, participants from small, public sector and voluntary sector organisations with formal PM systems felt that it was important to recognise staff differences in abilities and skills and provide staff with support if needed. However, the group recognised that standards were necessary to measure performance. Standards could be both flexible and personalised for each employee to have real relevance to their job role, therefore making targets context specific.

"I think [standards] should be flexible or fluid, but it is an essential part of how to measure [performance]." (Small, public and voluntary sector)

Participants emphasised the need to understand their employees' abilities and skill sets in order to be effective managers and deal with performance. There was a requirement to recognise both the strengths and the weaknesses of staff members to support overall team and organisation performance.

"You've got to understand that every person is an individual ...it's about understanding individuals […] strengths and weaknesses." (Small, public and voluntary sector)

Furthermore, standards had to be personable and adjustable to reflect staff experiences and skills. Therefore, the group disagreed that a 'one size fits all' was appropriate for an organisation with different individuals, some of whom may need additional support due to physical, mental or neurological conditions. There was agreement that an organisation should respect each employee as an individual and form good working relationships to best support each member of staff. One participant stated:

"It's also recognising that our staff are not robots so for example, you're gonna get […] certain staff with different key skills." (Small, public and voluntary sector)

However, several groups adopted a different position and felt that altering performance management requirements for individuals with disabilities or specific learning needs could itself be seen as unfair. There was division on this point within some focus groups, too, reflecting the controversial nature of the debate around adjusting performance standards. Some participants from large, private sector organisations with formal or appraisal-based systems were sceptical about providing additional support for staff if an individual was unable to fulfil the job description and role.

"Why would you employ somebody to do a job that they're not capable of doing?" (Large, private, formal or appraisal-based)

Some participants in this group argued that people should only be employed on the basis that they can fulfil the job role without assistance. By providing additional support for disabled employees, the employer was said to be disadvantaging non-disabled employees who were being denied this extra support to fulfil the same role. This group discussed this for both employees with mental health conditions and those with physical disabilities, for example, staff who are D/deaf. When additional support was suggested by participants in the group, others felt strongly that job descriptions and performance management standards should remain consistent, with no change based on an individual's disabilities or health needs.

"I appreciate everyone's got different skills [based on ability or disability], but I think that's when you utilise the skills into different roles and your strengths into different roles […] I think […] a fitter of an aircraft should be measured like a fitter on an aircraft and an accountant should be measured like an accountant." (Large, private, formal or appraisal-based)

Other groups expressed a similar perspective. One participant from a small, private sector organisation with a less formal or non-appraisal based system stated,

"I don't see how […] you can have 3 people all with the same rate of pay, the same job description and the same contracts and you have to give one […] a pass-out if you like, because they've got […] a disability." (Small, private, formal or appraisal-based)

This view was supported by others in the group, who felt that a 'one size fits all' performance system was not only necessary but favourable in the interests of achieving fairness and consistency. The majority of these participants felt that, regardless of any health conditions or disabilities they might have, each employee should meet the requirements of their job description and its performance targets. Therefore, work standards should not be altered for an individual with a disability.

"[With] regards to disability or not, if somebody can't do the job […] they can't do the job." (Small, private, less formal or non-appraisal based)

Likewise, participants felt that it would be impracticable and too demanding to make standards flexible and personalised for each employee. For example, one participant said:

"If you were to take everybody's situation and try and put it into a process, it would just never work because there's […] just so many different scenarios." (Small, private, less formal or non-appraisal based)

In this group, participants did not make a distinction between employees whose physical or mental health conditions were affecting their ability to do their jobs – for example. dyslexic staff – and any employees who were underperforming.

The third clause in the statement – about the usefulness of SMART objectives – prompted less debate. For participants in large, private sector organisations with formal or appraisal-based systems, SMART objectives were viewed as important, but there was a sense that they should not dictate the focus of performance reviews. Participants agreed that the extent to which an employee's behaviour reflected company values and ethos influenced their performance outcomes.

Additionally, they felt that an employee's soft interpersonal skills and their 'overall attitude' within the organisation should be recognised as equally important as 'hard' work successes and the ability to meet objectives and targets. For example, one participant stated:

"You don't want somebody who […] hits their target but their attitude stinks." (Large, private, formal or appraisal-based)

Furthermore, participants in large, public sector organisations with formal or appraisal-based systems felt that whilst individual objectives were important, they should not be the sole focus of the job; the suitability of setting individual SMART objectives was conditional on the type of job and the skills required. As a result, the group concluded that team work and meeting collective team or departmental objectives were sometimes more important than more narrow assessments of personal performance.

"Objectives aren't everything, because in some roles it's not very easy to define SMART objectives [… The focus is] ensuring that everybody is undertaking the role that contributes to the achievement of the team and business objectives, and that they're doing it in a way which underpins the organisational values and behaviours." (Large, public, formal or appraisal-based)

3.5 Future trends in performance management

The final session during the deliberative event focused on future trends in performance management, with participants being asked to identify emerging developments for PM systems in their sector and discuss the key driving forces behind these changes.

One key trend identified by the majority of participants was the growth of technology, focusing on the following areas.

Increased use of apps and digital tools

The increased use of apps and digital tools that can be used remotely, on laptops, smartphones and tablets. These have the benefit of being easily translated and shared across different countries. They encourage staff to record evidence of good performance habitually, throughout the year, especially using mobile applications.

"We've got apps on our phone for all sorts of things like our travel systems […] our iPhones have all got apps […] for different things, so when we're mobile we can be booking stuff and, you know, and I think that's […] the way forward. It's enabling a workforce, isn't it, so?" (Large, private, formal or appraisal-based)

"I think if there was an app that you could upload to at any point I'd sit and think, oh I did a really good thing today, I might just tap a bit of feedback in or something." (Large, private formal)

"They have apps on their phone, similar to Facebook and Yammer [...] it's a real-time app, so it gives you a breakdown of your discussion with your manager. If your manager wants to ping something in your inbox, you can - it's like a Facebook account really. Like you know you have your instant chats, so it's like that and I thought that was excellent." (Large, public, formal or appraisal-based)

Increased use of existing devices and applications

The increased use of existing devices and applications, such as Skype and videoconferencing, to support performance management. This conferred several broad benefits for example. better documentation of appraisals, by recording Skype calls, which promotes better record keeping of ongoing performance and also protects the business in case of future disputes.

"Even to the point, probably, where they may video record the conversations that you've had, and save them, rather than, and then you've actually got documentation, because, 'Actually you did say that. Look I've heard you saying it'." (Small, private, informal)

"If you have [the PM system] online, then automatically you've got a good management information [system] because you can see it's recorded, [it] goes automatically on to a system to say the one to one's been done." (Small, public and third-sector)

Recording these conversations was not universally welcomed, with participants acknowledging that this could be interpreted by employees as a form of "CCTV" surveillance. Similarly, while the monitoring of social media accounts before job interviews and during periods of employee absence was discussed, this was not supported by all group participants.

Likewise, for participants from large, public sector organisations with formal or appraisal-based PM systems, there were concerns that increased use of technology for performance management could adversely affect work-life balance, with managers and employees being more like to use these PM tools outside of traditional business hours due to the accessibility of mobile phones and tablet devices.

Use of interactive, online appraisal systems

The use of interactive, online appraisal systems was endorsed, with participants already using software such as Google Hangouts or Microsoft Team to organise PM meetings. The main driver behind this technological expansion was attributed to the growth of younger workforces who were described as being "technology hungry" and ambitious (especially 'millennials').

These systems were seen as being most suitable for roles in sales and finance, which tend to have clear and measurable outputs – but there were some concerns that overuse of the technology (in favour of human exchanges) could lead to a "breakdown [of] relationships which could ultimately affect the organisation and how well it works". Concerns were also voiced about how people who are less familiar with new technology would adapt: employees would need to learn these new skills or else face "natural wastage" as digital technology becomes more prevalent in the workplace.

Use of Artificial Intelligence

Participants from large, private sector organisations with less formal or non-appraisal based PM systems also identified the use of Artificial Intelligence (AI) as a potential future direction for performance management, driven by the desire for greater cost-effectiveness and less scope for human fallacy in PM systems. It was suggested that AI might theoretically allow PM systems to offer work advice to employees, which would help staff to feel more autonomous when planning their own development.

Using electronic systems to record information

Groups distinguished between the use of technology to host or manage PM systems, and using electronic systems to record information collected by the performance management system. An electronic system that could automatically harvest employee records was identified as a key possible future trend, driven by a fear of losing paper appraisal forms and the inaccessibility of offline systems. These systems were said to reduce costs, but barriers to their use were identified. For example, questions around data protection were raised, especially in case of cyberattacks or data loss. Certain participants felt that there was an enduring "paper culture" in some organisations, with conventional paper records being valued as a method for safe keeping of data.

'Everyday' performance management

Another trend identified was the move towards 'everyday' performance management, rather than relying on annual or biannual appraisal meetings.

'Everyday' performance management was identified as a useful tool for retention of employees, with employers being able to gain a better understanding of their workforce throughout their periods of employment. Participants were unsure whether these more frequent assessments or meetings would replace formal annual appraisals, but either way, these meetings could support managers to better understand the needs of individual employees.

"You know, it is a much better approach because you're understanding the individual, you're capturing the things early, you know […] I think you have higher retention in the industry you work in if you are doing […] this continuous management rather than just leaving it to once a year and […] I think they feel more valued." (Large, private, formal)

"If I had […] regular one to ones with my performance manager I might actually feel motivated by the PM system; at the moment I don't." (Large, private, formal)

However, while this sort of informality may benefit employees, it is not always seen as productive for the organisation.

"We already are really encouraged to be informal with our meetings, and go out and meet people, and try and make it a little bit nicer for people ... Which is lovely, and everything, but isn't always productive." (Small, private, informal)

Increasing fluidity in the use of PM systems in large public sector organisations

Large public sector organisations pointed to increasing fluidity in the use of PM systems as being a trend in their sector. The analogy of a 'boiler' was used: performance management is increasingly like 'servicing the boiler' rather than waiting for it to develop problems and require 'fixing'. With this in mind, systems are becoming more proactive, whereas they were portrayed as having previously been largely reactive. This shift benefits the employee and the employer.

"PM systems are like servicing your boiler kind of thing, yeah? So it's not, you're not waiting for the boiler to just go kaput and then putting something in its place it's basically servicing that relationship." (Large, public, formal)

"I think previous systems have been reactive to […] circumstances or under-performance or targets not being met, whereas now, we're being […] more proactive as in […] where we have a better understanding of monthly targets and we can see a trend, we can react." (Large, public, formal)

'Self-appraisals'

'Self-appraisals' were identified as another future trend, driven by the need to save time. Under a self-appraisal system, staff can provide evidence and an assessment of their own work. This can be helpful in encouraging employees to take ownership of their objectives, but suffers from people's proneness to low self-esteem and tendency to underrate themselves.

Self-appraisals can help to self-identify issues but may not be accurate and can cause conflict where they differ significantly from manager-assessments. This was discussed especially by small, public and voluntary sector organisations.

Employee 'ownership' of appraisals was believed to help employees feel more independent and engaged with their own development, and is driven by the use of more informal meetings rather than from formal, manager-led appraisals and ratings.

Other notable future trends identified by particular groups are listed below:

Using PM systems to capture data on diversity and inclusion was seen as a key trend across large organisations in both the private and public sector. Although this has been driven by legal reporting requirements, this was also seen as having inherent value from a business reputation perspective. As one participant concluded:

"I know we are measured on our diversity and inclusion stats and we have to report them […] and […] what we pride ourselves on as a business is look out, you know, we're closing the gender pay gap and all that jazz." (Large, private, formal)

For large, public sector organisations, this included tracking ratings by age, gender and ethnicity using the data collected in PM systems, driven by their desire to better understand any organisational "diversity imbalances", which was also said to be good for staff retention. Moreover, the data could be used as a baseline against which to evaluate the success of any new initiatives in supporting staff development.

"So what you do […], before you're doing all these interventions, is establish […] the baseline of where you're at and what the trends are. So I think that use of data in terms of establishing where you're at in order to inform approaches […] to addressing where you're going is, is more and more part of the landscape." (Large, public, formal)

For small, private sector organisations with a formal or appraisal-based PM system, an emerging trend was the increased importance of PM systems when examining issues of diversity in the workplace. Discussing media coverage of the gender pay gap, this group suggested that PM systems can be used to help ensure that staff are being treated fairly and consistently insofar as they provide explanatory evidence where gaps are identified in the data.

"You're going to have to be able to demonstrate that you're being fair and consistent, that you're managing performance of males and females in the same way and that, if they're performing in the same way, that your pay structure recognises that as well." (Small, private, informal)

This group also pointed to an increase in the awarding of performance-related pay (PRP), which itself requires evidence to be gathered through PM systems in order to be effective. The effect on employee motivation was debated by participants; some felt that greater use of PRP within the PM system would help to engage staff in performance management, while others saw it as demotivating.

Individuals from large, public sector organisations with formal or appraisal-based PM systems felt that PM systems were being used increasingly for the purpose of employee motivation rather than criticism; rather than focusing narrowly on performance, PM systems are increasingly being used to support staff development.

In explaining this trend, participants noted that one of the primary incentives for public sector workers is the availability of training and development opportunities, which is traditionally contrasted with the financial incentives on offer in the private sector.

However, the group also acknowledged that, perhaps as a corollary of this emphasis on using PM systems to motivate and develop staff, "greater tolerance of poor performance" may also be said to occur in the public sector, which has negative consequences for the organisation.

Individuals from small, public and voluntary sector organisations noted an increase in use of team-based PM systems, in which teams are performance managed as a group, with additional one to one discussions held when individuals require more specific support. This is driven by the need to save time and rationalise processes, so that people with the same roles can discuss issues together.

While this can be helpful in forming team identities and encouraging group reflection on team strengths and weaknesses, there were concerns that this could lead to conflict and the attribution of 'blame' for underperformance, which can be addressed through a strong chairperson.

One trend that was more specific to this group was the ending of moderation panels, used within parts of the civil service and other government organisations in order to 'moderate' performance ratings, with line managers being required to 'make the case' for their employee ratings. These panels are seen as costly and potentially unfair, with a tendency to take too long to finalise, which causes frustration for employees being moderated. The move away from using moderation was seen as a key area of change across the public and voluntary sector.

Table 7: Future trends by organisational size, type and existing PM system

Trend	Large private formal or appraisal-based	Large private less formal	Small private formal or appraisal-based	Small private less formal	Large public formal or appraisal-based	Small public or third sector
Adaptation of existing technology (Skype, video calls)		X		X		X
Collection of PMS data for legal evidence			X	X		

Combination of private and public sector PMS						X
Development of AI or machine learning for PMS	X	X				
Development of tailored mobile apps and technology	X			X	X	
Electronic record keeping	X					X
Employee motivation					X	
End of organisation moderation						X
Fewer meetings and/or informal meetings	X	X		X		
'Lighter touch' performance management	X					
Self-appraisal and employee ownership	X	X				X
Team-based performance management						X
Tracking and monitoring diversity	X		X		X	
Using PMS to award pay			X			

It is possible that some organisations are currently using electronic record keeping systems so did not identify this as a future trend.

3.6 Acas's role in supporting performance management systems

The final section of the workshop involved participants discussing Acas' role in offering support to organisations; both in the design and implementation of performance management systems.

3.6.1 Prior knowledge and support from Acas

Participants' knowledge of Acas varied significantly. Among those who were familiar with Acas, the organisation was primarily known for its work in dispute resolution. Several participants had used Acas conciliation and mediation services for past employment disputes – some respondents stated in the role of employer and in other responses as the employee. One participant noted that Acas were 'critical friends in disputes', with participants requiring them for mediation in cases centred on constructive dismissal, unfair dismissal, redundancy, management restructure and other areas of dispute.

While Acas was generally seen being as an impartial adviser, several participants from large private-sector organisations felt that Acas tended to side with employees. One participant cited the strong connection between Acas and the handling of discipline and grievance situations at work, commenting that "Staff refer to the […] Acas Code of Practice like Dot does in […] EastEnders with the Bible".

Another found Acas support frustrating because they required someone to support their case, rather than act impartially. Interestingly, participants from large, public sector organisations remembered Acas from its conciliation role in high profile industrial disputes between businesses and trade unions in the 1980s, but were nevertheless unsure about whether Acas was itself a trade union. Acas was viewed by participants from some large, private sector organisations as an independent advice giving body, which functioned almost as a trade union replacement or proxy.

Beyond conciliation and mediation in individual employment disputes, participants reported using other Acas support including online guidance on issues such as TUPE and management restructuring; training and video content; workshops on evaluating salaries within an organisation; and working with Acas to determine a pay structure within their organisation. It should be noted that most participants did not have personal experience of using Acas services, and so could not discuss the challenges within this section.

3.6.2 Recommendations for future support

There were a variety of suggestions for future Acas support in the sphere of PM systems. For example, among participants from large, private sector organisations, training for managers on the best practice for performance management was seen a key requirement:

"I've never had any performance manager training, I'd like to think I was doing a good job but when I look at my HR person she could read off a piece of paper but I don't look up to her as being someone that I think is inspiring nor my, my line manager. So if I could get someone else's view on how I performance managed I would absolutely welcome that." (Large, private, formal)

This support could be delivered in different forms, and live chat or messaging was suggested as a useful delivery mechanism. In addition, participants recommended updating the website to be more accessible when searching for guidance, with clearer links to relevant legislation.

Training was also recommended by participants from large, public sector organisations, who suggested tailored workshops for organisations on how to design and implement PM systems. This would be useful for businesses to ensure their compliance with published guidance, and as an external, trusted organisation, Acas may be better placed to enact change within an organisation.

"I'd also like to see them going into companies to do workshops on facilitating and how to get the managers actually implementing these systems, because it is quite a difficult thing to grab, and I think HR can do its very best to try and influence managers in implementing these, but we're too close and we're not necessarily influential enough with managers." (Large, public, formal)

This group also felt that guidance should identify best practice in different sectors, to facilitate cross-sector learning among organisations of similar sizes.

Respondents from small, public and voluntary sector organisations suggested that straightforward advice documents – such as in the form of checklists – should be created as an employer reference. These should include information about making reasonable adjustments to PM systems to accommodate disabled employees, such dyslexic staff or those with mental health problems. This should be produced using simple and easy to understand language.

This group also requested more information on employers' duties towards people on long-term sickness absence; not all organisations, it was reasoned, are sufficiently informed about mental health issues in particular. This fact was borne out by other, specific requests for information about how to dismiss long-term under-performers who have mental health problems. As one participant commented:

"At what stage have I done enough and say well, you know, I've done all, I've done all these things, and still the person still isn't up to scratch, and I can't sustain that." (Small, public or voluntary sector)

This group were also interested in obtaining advice from Acas over the phone, with the aim of referring employers to relevant employment law, and ensuring that the employer is legally 'covered'.

Several focus group participants identified the need for support on the use of technology in the field of PM systems, but felt that this technological support could be provided by technology companies rather than Acas directly.

For example, participants from large, private sector organisations stated that:

"Technology is one of the biggest issues [for PM systems], and they're not there to fix technology issues." (Large, private)

Finally, participants from small, private sector organisations pointed to what they saw as a conflict between Acas's neutrality and their need for partial advice on PM systems that prioritised their needs as the employer, rather than taking an impartial or even-handed approach.

4. Pen portraits

Following the deliberative workshops, 2 individual case studies were undertaken, to gain further understanding of the perspectives of respondents from small, public sector organisations and small, voluntary sector organisations specifically. These employers' experiences and views on PM systems were explored, in order to identify the main issues and challenges they faced, to generate solutions to these issues, and provide additional steer on best practice to help frame future Acas guidance in this area. The topic guide for these case studies can be found in Appendix 2.2.

4.1 Respondent from a small, public sector organisation

Job Role

Participant A works in the Human Resources (HR) department of a public sector employment agency. They offer local training and job matching to support people's return to work after periods of unemployment. Within the HR team, she is responsible for managing the PM system for her organisation, as well as organising training, managing disciplinary procedures, and discharging other HR duties. She has worked in HR for 25 years and has been in this organisation for nearly 2 years, managing a team of 3 other HR employees. As well as working in HR, she acts as the personal assistant to the CEO. She reports directly to the CEO; there are 10 managers in the organisation at her level, and approximately 100 employees overall.

Structure of Performance Management System

The main component of performance management in the agency is the quarterly review, held between managers and employees every 3 months, for all staff. At these meetings, objectives are agreed between managers and employees for the next 3 months. These objectives are based on the individual's job description but also reflect the business' objectives and vision for the next quarter. Personal development goals are determined too, which are usually related to the individual's job description, and may include requests for training. Managers and employees also discuss progress against the previous review's objectives in these meetings; using evidence captured using an online system called CIPHR.

CIPHR is a general HR platform, which also records other HR metrics, such as 'working at home' days, annual leave, employee awards and qualifications. All performance management is done through the CIPHR system. Employees are expected to log their progress in the CIPHR system, and managers are expected to update CIPHR following the review meetings. Records can be updated at any time, but reminders are sent out by the personnel assistant at the agency to encourage updates before and after the quarterly review period. The HR team also reminds managers to book meetings with their employees before the quarterly reviews are expected, and Participant A organises the reviews with all of the CEO's direct reports.

Views on performance management system

Participant A discussed some of the positives and negatives of the system. She felt that CIPHR is a more helpful and intuitive online system than those used in her previous organisations, because there are fewer sections to complete when recording meeting outcomes, objectives, and progress against targets. However, she noted that many employees – and managers – dislike the frequency of meetings. People feel that they cannot achieve their objectives in such a short time and may not have completed their tasks by the time of the meeting. The frequency of the meetings also means that there can be a lot of demand for follow-up activity afterwards. For example, people often request training at their review meetings, and more frequent meetings means more requests for training and development.

Purpose of Performance Management System

The various components of the PM system can be seen to reflect some of the purposes of performance management, as identified by Participant A. For example, one key purpose of performance management is to keep the organisation on track, and ensure that employees are on the same pathway.

Another is to meet business objectives, by making sure that the work produced by employees directly supports the needs of the business. These purposes are reflected in the frequency of meetings. Managers can use the frequent meetings to direct people so their work is better aligned with business needs, especially if employees are going 'off-track'. Staff objectives are linked to business objectives, so if staff succeed in meeting their objectives, the business should also be successful.

Similarly, the quarterly reviews offer managers an opportunity to check that individuals are meeting the requirements of their job descriptions, and ensure that everyone is following the organisation's code of conduct. Quarterly meetings mean that these discussions take place on a regular basis and that there is constant oversight of employees, supporting the employee to better support the business.

However, Participant A noted that these meetings have another purpose: motivating employees and managers. In theory, good performance management can motivate people to work well, although the meetings may be demotivating for people if they have not performed well during that quarter. Meetings are also important for managers, because they too are under pressure (viz. managing people correctly). Frequent meetings allows for good communication with employees.

Principles of performance management system

Participant A felt that there were a few key principles involved in managing a successful PM system. Firstly, performance management systems should remind people of why they work in the organisation. Regular, scheduled meetings should take place between managers and employees, and managers should follow up on staff development matters discussed in the meeting, such as booking training for staff, to bolster trust in the system as an opportunity for development. Any computer or online systems should be easy to use, to encourage use by staff, which reduces pressure on HR teams who do not then need to manually update records.

4.2 Respondent from a small, voluntary sector organisation

Job Role

Participant B is an HR adviser in the HR and organisational development department of a voluntary sector organisation, which provides housing support for vulnerable individuals. Her role includes providing advice and coaching to managers and directors on disciplinary processes, capabilities, management investigations, and recruitment and exiting. There are other HR advisers, including an Employee Relations Manager and a senior HR business partner who reports to the Director. Participant B does not manage other employees. There are also 2 other business partners who report to the senior HR business partners. The organisation is based in 3 counties in the north-east and south-east of England and has around 800 employees.

Structure of Performance Management System

The main element of performance management is 2 appraisals each year for all permanent employees, including interns on one-year placements. One key element of the appraisals is objective setting and reviewing. Objectives for the work year ahead are set at a meeting between employees and managers in April or May, reviewed again in October, and receive a final review at an appraisal in April.

At both appraisal meetings, objectives are scored from 'unsatisfactory' to 'very good' and the individual is able to make comments. The appraisals process is managed by the HR team. As there are offices across the country, performance management is logged using paper records; managers complete forms after the appraisal meetings, which are then emailed through to the learning and development team and stored on employees' electronic files.

Employees do not update their own record, but are given a copy with comments of all managers at all points. Once the line manager and individual have made comments to the record, it is sent to the line manager's supervisor to review, add comments, and approve.

Continuing professional development (CPD) is also discussed at these reviews, alongside talent management. If someone is doing well, they are given a mentor higher up to develop their skills and further enhance their performance.

There are few opportunities for progression unless someone leaves so this gives people another way to progress. Training can be requested and offered at these appraisals, such as GDPR training and Safeguarding training. People support the talent management element of the appraisal process because it helps them to make links with other members of the organisation.

This also provides routes for people to gain training in another department within the organisation. Regular one to one meetings between managers and employees also take place as part of performance management, although there is no prescribed frequency.

The objectives are continuously discussed in one to one meetings to monitor progress; if employees are not performing well, this is communicated to HR and people may be put on an action plan. The one to one meetings are not just to check on progress against objectives, but also act as a useful time to review them.

Purpose of performance management system

For Participant B, the PM system serves a number of key purposes. First, working with vulnerable clients meant that staff may be exposed to emotionally charged situations. Performance management, in the form of regular one to one meetings and the 2 appraisals, gives employees a forum to discuss what processes and protocols need reviewing or need to be put in place to make their role easier.

Second, the appraisal process supports employees' development through offering mentorship and coaching, allowing employees to learn best practice from other individuals within in the organisation.

The third purpose is encouraging communication among teams; the PMS helps people to feel part of the wider organisation. For example, staff in one area felt disengaged from others in the same area due to working location and lack of access to staff intranet and email systems. The PM system allowed them to communicate this, leading to an away-day for the whole area to support wider organisational engagement.

Fourth, using the same PM system across the organisation ensures consistency of staff training and development; previously, one area was offered different training initiatives, but this was identified as a concern through performance management, and training has been standardised across the organisation. Finally, using the same PM system also helps the HR team to track records, such as employee certificates, which may be required during audits or inspections. It also helps them to identify areas of underperformance across the organisation and create action plans to address the issue.

Views on performance management system

However, Participant B identified several challenges with the PM system. For example, Participant B noted that employees who return from long-term leave, such as sick leave or maternity leave may not have their objectives reviewed to ensure their continued relevance to the role. This may appear as though employees have not made any 'progress' against the set objectives, without accounting for their absence.

Additionally, many managers and employees feel that they do not have sufficient time to sit down and have appraisal meetings, as there are many time pressures within the organisation. In terms of implementing the system, some managers found it difficult to understand the learning and development system, but have since been trained in using it by the HR team. Participant B felt that one trend in performance management was more structured learning and development systems, rather than ad hoc support. People generally like the idea of more advice and training overall; however, she felt that there is some reluctance on the part of staff in having HR more involved in their work and having closer sight of their progress.

Principles of performance management system

Participant B offered several key principles for a successful PM system. In particular, one key principle is that staff and managers are made aware of how important PM systems are, and are encouraged to think about their objectives. It is also crucial to communicate to employees through the intranet so they always know when the appraisal cycle is coming up and are encouraged to check on their own progress throughout the year.

Fairness and consistency are also key values. Participant B noted suggested that organisational values should be linked to the appraisal system, to encourage people to think about how they add value to the organisation, rather than objectives solely focusing on their personal development. However, this only works when personal objectives were linked to relevant organisational values. Objectives should fit the role and the organisation must use discretion and be flexible with the formal system in cases where people have been away.

5. Discussion and conclusions

5.1 The purpose of PM systems

Overall, organisations held fairly consistent views on what they took the key purpose of a performance management system to be, even if their underlying rationales sometimes differed. Planning future talent development, improving productivity, setting individual goals and monitoring employee performance against personal objectives were most commonly identified in the survey as being the primary functions of a PM system.

But interestingly, survey respondents (a combination of HR and General Managers) did not prioritise financial rewards and neither did this emerge as a universally agreed purpose in the deliberative event. However, where information from the PM system was used to make pay and reward decisions – typically in larger, private sector workplaces – this appeared as strong underlying factor that was heavily bound up with the overriding need to have a standardised PM system that allowed for differentiation between employees.

Another purpose of PM systems, prioritised a little less in the survey – selected by 1 in 10 respondents – was planning training and development opportunities. Again, this was supported by data from the deliberative workshops, where identifying development opportunities was prioritised across all the groups. However, underlying reasons for this differed; for instance, supporting staff development was seen as an important employee benefit that helped to recruit and retain public sector workers, whereas in some smaller private sector groups, the PM system was used to identify 'development needs' more as a management tool for redeploying and dismissing staff.

One unifying driver influencing this emphasis on 'staff development' may be the desire to make productivity gains. Using PM systems to improve organisational performance was noted across the workshops and survey responses (where talent development was preferred to wider L&D). The notion of using the PM system for 'getting the most out of [staff]' emerged as a strong theme in the event and this aligns with the survey data, where a majority of respondents judged that PM systems were a good way of improving staff performance levels.

But although performance and productivity were nominally valued, there seems to be a disconnect for managers when implementing processes to actually improve performance. This may be due in part to insufficient training for managers and employees in using PM systems; both gaps were identified in the workshops. Many participants pointed to a lack of consideration for training during the design phase of the PM system and noted that this had led to poor outcomes at the point of implementation. Furthermore, using PM systems to improve employee motivation was not prioritised in the survey data, suggesting a misalignment between managers' efforts to enhance workplace effectiveness and their conception of the kind of arrangements that lead to high-performing staff.

5.2 The values underpinning PM systems

Three fundamental values can be seen to underpin all organisations' performance systems across the groups:

- consistency
- transparency
- fairness

However, participants' underlying reasons for prioritising these same principles differed according to the nature of the organisation. For instance, in large private sector organisations, consistency, transparency and fairness were prioritised because they are integral to achieving a PM system that is trusted and confidential. Staff in these organisations need to be able to trust that systems are objective and hence accept the ratings – and associated rewards – that they receive under them; whereas confidentiality is required for encourage 'honest' upwards feedback and preserve the manager-employee relationship.

In contrast, small businesses emphasised the importance of consistency, transparency, and (perceived) fairness insofar as these were essential ingredients for a system that protected the organisation from legal disputes with employees and helped build staff-manager relationships. Meanwhile, in the public sector, these same fundamental values were bound up with the desire to create a sense of 'procedural justice' for staff that would span large grade structures; even where their PM systems differ, all staff ought to have a shared sense of being treated consistently and fairly.

5.3 The components of PM systems

Although the different components of PM systems were shown to vary by organisation type, some practices are widespread: between a third and two-fifths of respondents worked for organisations that included assessment against personal objectives, personal development plans and end of year appraisals as part of their PM systems. The use of what we define for analytical purposes as 'highly formal' systems – meaning systems that give performance ratings and include: assessment against personal objectives, end of year performance appraisals, and performance development plans – was more common in the private sector and among large organisations than the public sector and for small organisations.

Where organisations used performance review meetings, frequency of delivery varied. Virtually all respondents undertook these one to ones at least annually, and biannual and quarterly reviews of the kind illustrated in the pen portraits were also common. All the organisations represented at the deliberative workshop endorsed the practice of having one to ones as a tool for documenting and recording evidence of performance.

More generally, the research findings indicate an emphasis on employee self-assessment as a central approach towards collecting employee performance evidence. While data from the deliberative workshops suggested that capturing employee 'self-reports' was not valued as a method for documenting performance, this was a key finding in the survey, where 43% of respondents reported that their PM system prioritised employee self-assessment, and 45% reported that it prioritised meeting individual targets.

A growth in the use of employee self-assessment was seen as positive within the workshops; employees were encouraged to collate and bring evidence to appraisals and reviews, which may not be captured by the managers themselves. However, managerial feedback was still important to both survey respondents and within the workshop focus groups, suggesting that many PM systems involve a combination of employee and manager feedback.

The development of a combined system involving both self-assessment and managerial feedback may be due to growing critiques made of PM systems relying solely on managerial feedback. First, it may prevent managers from developing a holistic understanding of an individual's daily performance and behaviour, which in turn may negatively affect the latter's motivation and performance. The onus on managers in having to assess and record performance management also creates a time pressure leading to a poorer quality reporting.

In particular this can impact the management of underperformance where the focus is on getting the report written rather than working to tackle performance issues themselves. Inadequate management of poor performance was an issue alluded as being particularly damaging to wider employee engagement and morale. Incorporating managerial feedback alongside measuring performance against targets and employee self-assessment helps to mitigate some of these concerns.

5.4 Design and implementation issues

PM systems varied in terms of their degree of formality and were often adapted to reflect organisations' size or operational focus, with different organisations reporting different challenges. Of those with at least partly online PM systems – who the survey found to be in the majority – one key design feature that many organisations highlighted as being an issue was the lack of a user-friendly system interface.

In the deliberative event, respondents from large organisations in particular reported finding their online systems more complex and difficult to use than offline versions. However, this may be due to the complicated interfaces of the particular systems used by these organisations, or point to a lack of training, rather than indicate something inherently problematic about online PM systems.

Survey data suggests the opposite: a majority of respondents using online systems found them more useful than offline ones and their responses show that an effective online system may help to stimulate dialogue between employers. Conversely, overly complex online systems can detach the PM system from its intended purpose as a social mechanism for communicating and engaging with employees.

Two other concerns shared among certain groups related to achieving line manager buy-in and the time spent delivering the PM system. The first of these – the importance of getting line manager buy-in to the PM system – was stressed by all event participants from organisations using what we class as 'formal or appraisal-based' systems.

This issue was tied up with the need mentioned elsewhere for managers to be trained properly in how to use the PM system at the outset – described as a key design concern by many. Barriers to achieving this included the technical skills of managers themselves and their willingness and openness to being schooled in using PM systems properly.

The second shared concern centred on time spent using the PM system. Not surprisingly, those using highly formalised systems were most likely to report that using the PM system was time consuming, with a third of these respondents judging that they spend 'too much time' on performance management. This was illustrated by the small, public sector pen portrait, where performance meetings were said to be too frequent; so much so that they limited the time available for actually meeting targets and objectives.

However there was little appetite among survey respondents for fewer performance management meetings. This apparent contradiction aligns with a view that was in evidence across the deliberative workshops and possibly signals a shift in attitude away from traditional annual appraisals with negative associations of being 'tick box exercises', towards a desire for more frequent but less formal meetings that are seen to have greater relevance for daily work tasks (rather than 'stockpiling' problems for annual consideration).

Furthermore, despite being seen as unduly time consuming, highly formal systems were praised for being procedurally fair, with consistent processes and controls that were said to be valued by employees.

5.5 Attitudes towards fairness in the workplace

Attitudes towards adjusting and customising PM systems to accommodate employees with additional needs and disabilities varied significantly. Only a quarter of survey respondents were able to confirm that their PM systems included the option to customise for staff with special needs, disabilities and neurological conditions. Moreover, negative attitudes perpetuated in the workshops. Participants from small, private organisations using less formal systems felt strongly that customising PM systems for specific groups of staff was itself unfair for 'everyone else'.

One reason for this view may be the emphasis that is placed on organisational productivity as a key purpose of performance management, a corollary of which is negative attitudes towards any staff who are deemed to be less 'able'. Another may be the blanket importance that is ascribed to 'consistency' as a value that underpins PM systems.

"[With] regards to disability or not, if somebody can't do the job […] they can't do the job." (Small, private, less formal or non-appraisal based)

However, different attitudes dominated in some other workshop groups, particularly among large organisations, who tended to put more emphasis on conventional notions of fairness and generally promoted the idea of personalisation of standards and objectives for individuals with different abilities and skills. Furthermore, survey data signals an appetite for progress in this area; the 2 most-supported areas of change for PM systems were for more personalisation and greater fairness.

"It has to be fair and consistent for everybody doing the same role but you have to provide enablement and adjustments for people who, you know can do the role but just need a bit of extra support." (Large, private, formal or appraisal-based)

5.6 Future developments and emerging trends

The study also considered future trends that are emerging in PM system design. Survey and workshop data both point to the fact that digital PM systems are already being implemented in many organisations as standard. In the survey, 60% of respondents confirmed using PM systems that were at least partly online-based.

Organisations' desire for more streamlined administration processes, the value they place on having better storage (and hence recall) of PM evidence for defending future legal disputes and younger workforces eager for integrated technological systems were all identified as driving the shift towards digital PM system design.

Workshop deliberation centred on the future advancements that might propel PM systems in the near future – for instance, through greater use of apps and remote digital tools that can be used on laptops, smartphones and tablets to promote continual monitoring of performance. This push for generating more ongoing, regular performance feedback aligned with an additional trend around less prescribed, more 'everyday' performance management.

Participants expressed eagerness about the prospect of line managers building better relationships with staff, facilitated through 'soft touch' management approaches rather than reliance on an annual appraisal – viewed as demanding – as a mechanism for improving staff performance and motivation.

There was some concern about the usability of online systems, which was particularly voiced in the workshops. Particular reference was made to older employees, some of whom were described as finding online PM systems complex, cumbersome and time-consuming.

Some participants went as far as predicting a degree of 'natural wastage' of older workers, brought about by this generation's failure to adapt digital advancement in the workplace. This may be an overstatement but nevertheless indicates a need to support multi-generational workforces as new trends and technologies create both opportunities and obstacles in performance management.

5.7 Research implications

This study has highlighted some of the important performance management challenges that organisations currently face. Its findings draw attention to several areas of concern regarding the implementation of PM systems in UK workplaces; such as the time-consuming nature of performance appraisals, the need for more and better PM systems training for managers, as well as the persistence of retrograde attitudes regarding the management of employees with additional needs, including disabled staff.

Our findings indicate that many design and implementation issues will be specific to different organisations, varying as they do by organisation size, sector and PM system type. As such, personalised support is needed in order to improve UK performance management delivery.

The need for managerial training on performance management best practice has been shown to be a key requirement and straightforward reference materials (such as checklists) would also be valued by employers. In many organisations, however, employee development and motivation has been shown to figure low on employers' performance management agendas – perhaps best evidenced in these pages by the survey finding that only 10% of employers even use their PM systems to plan and monitor training and development opportunities. Given that employee motivation forms the foundation of a productive workplace, it follows that every employer should focus their attention on these areas if they want to make a long-term difference to organisational performance.

Our findings also raise concerns that employees may feel that their PM systems are unfair and demotivating. This situation calls for an employee engagement approach to performance management. There is a growing body of literature that confirms that employees who are engaged are more committed to their organisation's goals and more motivated to contribute, with an enhanced sense of their own well-being. Furthermore, the HR profession has a pivotal role to play here in changing attitudes towards disability in the workplace. It is HR professionals who must show the strategic vision to challenge exclusionary practices and push for a culture of fairness within organisations.

Appendix 1: Deliberative workshops topic guide

Session 1: The purpose (and need) for PM systems and what they currently look like

Aims

'The What' - to generate insights into what PM systems are trying to achieve and the key principles and components underpinning them (90 minutes)

Phase

1. Introduction & ice breaker (10 mins)

Topic

A. Introducing the discussion: to contextualise the discussion and set the ground rules (5 mins)

Probes/prompts/notes

Introduction

Contextualise session: The day is split into 3 sessions. This morning session will take a step back and explore the current state of play in your organisation – and include your thoughts on the reasons why we have Performance Management systems in the first place, key principles that should inform PM systems and what your PM systems look like.

Purpose of the session: so in this session we are going to start with a question - what is the point of PM systems? What are they trying to achieve?

Reassurances

No wrong or right answers – not judging how organisations deliver their PM systems; just interested in hearing their views on PM systems.

About the discussion: this will be a discussion amongst the group. We are interested in hearing everyone's views. We may ask what may seem like obvious questions, but we do not want to assume anything.

Confidentiality: stress 4 points:

- their name will not appear in any output
- as with all discussions throughout the day, we would ask you not to share what was discussed outside of this room
- also, please feel free to draw on experiences wider than the organisation you are currently working in
- voluntary participation: they do not have to answer anything they don't want to – free to withdraw at anytime

Permission to record

Explain you will be making notes on flipcharts but recording means that we do not have to scribble everything down.

Observers (if a second researcher or Acas are present)

Not judging what participants are saying, just observing and noting how the discussions are progressing.

Ground rules

- there are likely to be different views among the group and we do not expect people to share each other's views, but respect differences and views
- speak one at a time – for recording purposes
- switch mobiles off or put on silent

Any questions

Topic

B. Breaking the ice: to establish rapport amongst the group and to gradually ease into a discussion about PM systems (5 mins)

Probes/prompts/notes

Paired exercise (not recorded)

Ask each participant to introduce themselves to their neighbour and give one reason why they are interested in performance management.

Then go around the group and ask people to introduce their neighbour and their thoughts on what interests them about performance management.

Phase

2. Generating reasons behind PM systems (30 minutes)

Topic

1. Initial thoughts about the key reasons, initial views on what performance management systems are trying to achieve (5 minutes)

Probes/prompts/notes

Paired exercise (not recorded)

Ask participants to discuss and list what they see as the key reasons behind why organisations have performance management systems in place – meaning. exploring what they think PM systems are trying to achieve.

Facilitator to do during activity:

- distribute a maximum 4 post-it notes per person, asking participants to note one reason on each post-it notes

Please walk around whilst participants are writing and do the following:

- get the pairs to reflect on why they see this as an important reason
- stick each reason on a flipchart paper on the table

Topic

2. Unpack reasons to deepen understanding, unpacking and clarifying reasons prior to prioritising them (25 minutes)

Probes/prompts/notes

Group exercise

Unpack the reasons provided and explore why they are seen to be important for what performance management is trying to achieve.

Facilitator: go through as many post-it note reasons as possible, grouping them intuitively as you go along, and:

- provide further details and clarification
- why do they think this reason is important

- explore differences of views and explore why
- explore any contradictions/dilemmas between the reasons given (for example. PM designed to do multiple functions which may conflict with one another)
- exploring context – in what context are certain reasons more important than other

If there is time, ask participants to comment on your grouping. Whether it makes sense and whether there are any other reasons that fall into these categories.

Facilitator: as mentioned, you are grouping as you go along intuitively. One a-priori categories of reasons you may want to bear in mind are presented below.

Possible categories of reasons

A. evaluative function of PM – for example:

- pay determination
- employee comparison
- 'layoff' selection
- tracking individual objectives – targets and KPIs (etc.) and matching with organisational objectives

B. developmental function of – for example:

- feedback
- coaching
- skills development

Phase

3. Principles for PM systems (20 minutes)

Topic

A. Initial thoughts about what key general principles should inform PM systems, to get participants to note initial reflections in a smaller group (5 minutes)

Paired exercise (not recorded)

Ask participants to identify 3 to 4 key overarching principles that they think should inform all PM systems – if it helps, to think of these as the key pillars that should support PM systems. (Facilitator to explain that we will go into details of how these should be delivered shortly).

Facilitator to do during activity:

- distribute a maximum 4 post-it notes for each person, asking participants to note one principle on each post-it note.

Please walk around whilst participants are writing and do the following:

- get the pairs to reflect on why have identified a key principle
- stick each principle on a flipchart paper on the table

Topic

B. Unpack principles to deepen understanding, unpacking and clarifying the principles and why they are seen to be important (15 minutes)

Group exercise

Unpack the reasons provided and explore what the principles are and why they are seen to be important for what performance management is trying to achieve.

Facilitator: go through as many post-it note reasons as possible, grouping them as you go along, asking the group to:

- provide further details and clarification
- why do they think this principle is important – for example. how do they relate to the aims of PM systems explored in session 1
- explore differences of views and explore why
- explore any contradictions/dilemmas between the principles identified
- explore context – in what context are certain principles more important than other

Phase

4. Identifying key components of PM systems (30 mins)

Topic

A. Identifying the key components/ stages of PM systems – this session will set the key components of PM systems (15 mins)

Group exercise

Ask group to reflect on what are the key features/stages of PM systems – if it helps, to think of this as a delivery cycle for PM systems. Facilitator: allow participants to spontaneously generate key features before probing and promoting, for example:

Prompting around features/stages:

- Planning
- Ongoing communication
- Evidencing
- Appraisal meetings
- Recording discussions and outcomes
- Identifying and addressing issues
- Reviewing PM systems themselves

Key follow-up probes:

- Explore why component is important
- Explore differences in views
- Explore the sequencing of stages/features/components

Identify 2 to 3 key components

Topic

B. Putting in practice components/ stages – this session will provide details around how the components should be delivered (15 mins)

Group exercise

Having identified the key components, explore the overall delivery of these – meaning, how should these components be put into practice. Facilitator: if time is an issue, focus on the 2 to 3 key components identified in session 3A:

- the frequency in which different components need to happen (for example. continuous, once or twice a year, etc)
- who should do it – including overseeing PM system as a whole
- how the component should be delivered

Phase

Close

Topic

A. Close

Probes/prompts/notes

Thank them for their time and for the helpful discussion.

Direct them to lunch.

Remind them when to come back.

Facilitator: Make sure the responses for this session are collated ready to be used in the final session.

Session 2: What works well and less well about PM systems

Aims

The 'How' - Having discussed what PM systems should look like this session will move on to consider what works well and less when designing and implementing these systems (85 minutes)

Phase

1. Introduction and ice breaker (5 mins)

Topic

A. Introducing the discussion, to introduce the session

Probes/prompts/notes

Ground rules

Facilitator to remind participants of the ground rules and note that they are putting the recorder on.

Connecting sessions

Explore with the group if there was anything about the previous discussion that particularly resonated with them – for example. surprised them, learning point.

Having identified the key principles and components of PM systems, it would be good to get your sense of what works well and less well about PM systems, at both the design and implementation stage. We will also ask you to comment on some of Acas guidelines.

Phase

2. Designing PM systems (25 minutes)

Topic

A. Mapping issues at the design stage, to get a sense of what the key design issues are at the design stage (15 minutes)

Probes/prompts/notes

Group exercise

Ask participants to reflect on what are the key issues when thinking about the type of PM system to use in an organisation – if it helps, to think about design as laying the blueprint for the PM system in the organisation.

What works well when designing systems (why)?

What are the challenges experienced at this stage (and why)? For example:

- what the focus of PM systems should be
- the process of designing systems
- frequency of delivery (for example. how often appraisals are done)
- ensuring PM systems encourage effective reflections and conversations about performance
- the tools used - managing the bureaucracy
- the level of employee input in the process
- reviewing systems
- making PM systems meet the needs of all employees – for example. meeting needs of people on non-standard working patterns (for example. part-time staff, older staff) – facilitator: particularly prompt on the following if it does not come up spontaneously – these groups may be disadvantaged by PM systems that reward skills sets which can be problematic for this group:
- Meeting needs of disabled staff – particularly those with special needs neuro disabilities (for example, autism, dyslexia, dyspraxia)

Facilitator: Map and group challenges for the next segment of discussion.

Topic

B. Generating solutions, generate solutions for the identified challenges and an understanding of the context in which solutions would work well and less well (10 minutes)

Group exercise

Explore what can be done to address the challenges identified. Facilitator: Go through as many of the challenges as possible. Allow participants to respond spontaneously and then probe and prompt as follows:

- What can help overcome these challenges
- What should be done internally in an organisation (why and by who)
- What external help and support is needed
- type of support (for example, advice, guidance)
- who should provide this support and why (for example. the role of independent organisations such as Acas)
- under what contexts what these solutions work well/less well

Facilitator: particularly prompt on the following if it does not come up spontaneously:

- overcoming challenges for disabled staff – particularly those with special needs neuro disabilities (for example, autism, dyslexia, dyspraxia)

Identify any challenges that are difficult to address and explore why.

Phase

3. Mapping implementation issues (key components) (25 mins)

Topic

A. Mapping issues relating to the implementation of PM systems, to get a sense of what the key issues are at the implementation stage. (15 minutes)

Probes/prompts/notes

Group exercise

Ask participants to reflect on what are the key issues when implementing a PM system an organisation – if it helps, to think about back to the key components identified earlier.

Facilitator: show participants the list of key components they generated in the previous session and ask them to identify 1 to 2 components that are particularly important to discuss. For each of these components, explore:

- what works well at this stage of implementation

- exploring key challenges – for example:

- ensuring consistent application of systems
- clarity in components (for example, appraisals meeting too many conflicting objectives)
- staff buy-in to deliver component as intended
- staff skills to deliver component (for example, appraisal)
- who is involved in component (for example, do managers know their staff?)

Facilitator: If time permits, go through other components not identified as key.

Topic

B. Generating solutions – generate solutions for the identified challenges and an understanding of the context in which solutions would work well and less well (10 minutes)

Group exercise

As before, explore what can be done to address the challenges identified.

Facilitator: begin with the 1 to 2 key components identified. Allow participants to respond spontaneously and then probe and prompt as follows:

- what can help overcome these challenges
- what should be done internally in an organisation (why and by who)
- what external help and support is needed
- type of support (for example, advice, guidance)
- who should provide this support and why (for example, the role of independent organisations such as Acas)
- under what contexts what these solutions work well/less well
- identify any challenges that are difficult to address and explore why

Facilitator: If time permits, go through other components not identified as key.

Phase

5. Testing Acas draft guidance (30 mins)

Topic

A. Getting views on 2 to 3 guidelines (roughly 10 mins for each guideline)

Probes/prompts/notes

Facilitator: Read out and discuss one guideline at a time (see appendix 2). Across each guidelines, probe around:

- participants general thoughts on this – what comes immediately to mind
- whether the guideline would be of help to them – why/why not
- are there particular contexts the guideline would work well/less and why
- would they change/tweak/reframe the guideline to improve it – what would they do and why

Phase

Close

Topic

A. Close

Probes/prompts/notes

Thank them for their time and for the helpful discussion.

Direct them to tea and coffee.

Remind them when to come back.

Session 3: Future directions

Aims

The future - This final session will discuss the future developments for PM systems, revisiting the original question of why have a PM system (85 minutes)

Phase

1. Introduction and ice breaker

Topic

A. Introducing the discussion (5 mins)

Probes/prompts/notes

Connecting sessions:

- In this final session, we will look at your thoughts on the future development for PM systems and how these relate to your views on why we need PM systems, discussed in the first session

Facilitator: ensure the key purposes of PM systems discussed in session 1 are visible in the room (for example, on the flipchart).

Phase

2. Future trends in PM systems (45 minutes)

Topic

A. Generating a list of future trends, to get a sense of the of what the key design issues are (10 minutes)

Probes/prompts/notes

Paired exercise (not recorded)

Ask participants to identify 3 to 4 key future trends – if it is helpful, think of these in terms of how PM systems are designed (for example, their focus) and how they are implemented (for example, technology).

Facilitator to do during activity: distribute a maximum 4 post-it notes per person, asking participants to note one key future trend on each post-it notes. Please walk around whilst participants are writing and do the following:

- get the pairs to reflect on why have identified a particular trend
- stick each trend on a flipchart paper on the table – group these into design and implementation issues where appropriate

Topic

B. Unpacking trends, getting further details behind the identified trends (20 minutes)

Probes/prompts/notes

Group exercise

Unpack what the design and implementation trends are with participants. Explore Facilitator: Go through as many post-it note as possible, ensuring you cover both design and implementation.

- provide further details and clarification about trend – including the different ways in which it can appear
- explore the rationale behind the trend
- explore how imminent the trend is (is it already happening, near future or in the long term and why)
- explore context – in what context does trend appear (for example, which sectors, types of organisations)

Topic

C. Evaluating trends, understanding how participants feel about the trends (15 minutes)

Probes/prompts/notes

Facilitator: draw attention to the key purposes of PM systems discussed in session 1 (for example, on the flipchart).

Explore what participants feel about each trend and how do these trends meet/go against the purpose of PM systems identified earlier. Facilitator: go through as many post-it notes as possible, ensuring you cover both design and implementation, asking:

- what excites people about the trend
- what concerns them and why
- how do they see the trend as meeting or going against the purpose of PM systems

Phase

3. Acas channels of support - views (20 mins)

Topic

A. Exploring views on how best Acas can provide support

Group exercise

Explore whether participants have accessed any support around PM from Acas, asking:

- what support accessed – if any
- thoughts on the support accessed
- what other kinds of support they would like from Acas and why
- content - aspects of PM systems they would like support around
- format – how should this support be delivered

Phase

Close

Topic

A. Close

Thank them for their time and for the helpful discussion.

Direct them to the final plenary session.

Appendix 2: pen portraits

A2.1 Rationale

This research explored employers' experiences and views of performance management (PM) systems. This was done with a view to identifying the main issues and challenges they face in relation to PM issues, generating solution to these issues, as well as providing a steer on best to frame the Acas guidelines.

Interview aims

To explore the experiences of PM systems with interviewees, including:

- the type of system used within their organisation
- how the system used is linked to the principles of a performance management system
- the main issues in designing and implement a PM system
- future directions for PM systems

A2.2 Topic guide for case studies

1. Individual and organisational context

Aim: This section aims to understand what participants see as the core principles, purposes and components of the PMS in their organisation

Current role or job title in the organisation:

- job role and description
- seniority – whether responsible for the supervision of other employees
- position within the hierarchy or structure of organisation (for example, head of a department, on the leadership team)

Information about the organisation:

- main activity or activities of the company
- sector of company – public, private or third-sector
- UK or international
- size – number of employees, number of locations or outlets

Description of current performance management activities within organisation (if any) and how it works throughout the year.

If not spontaneously mentioned, prompt on:

- mid-year and annual appraisals
- monthly (or other frequency) catch-ups
- personal development plans

- assessment against personal objectives
- assessment against behavioural competencies
- 360-degree feedback

2. Performance management activities

Aim: to document the activities and processes included in a formal PM system and identify the desired activities for organisations without a formal PM system.

Routing: Establish whether organisation has a PM system based on answers in Section 1.

If organisation has mid-year or annual appraisals, personal development plans, and assessment against personal objectives, they have a formal PMS.

If yes go to section 2a 'If PMS activities are carried out / the organisation has a formal PMS ' below and progress.

If No go to section 2b 'If PMS activities are NOT carried out / the organisation has informal PMS' and progress.

2a. If PMS activities are carried out / the organisation has a formal PMS

Timing of activities throughout the year (based on answers above):

- when
- by whom

Is there one unified system for all employees, or multiple systems used?

Who manages the PMS in your organisation (use prompts below and tick bullet points if applicable):

- HR
- managers
- employees
- other groups

Whether / how activities are documented in the PMS:

- use of electronic or paper record keeping.
- if these records are accessible for employees
- if employees can update their own records

Whether employers and employers in the organisation support the activities.

Any activities that work particularly well:

- for whom
- reasons why

Any activities that are disliked by employees:

- reasons why

Any activities that are disliked by employers:

- reasons why

Reason for not having a formal performance management system.

If not spontaneously mentioned, prompt on:

- size of organisation
- employee or employer engagement
- sector-wide practices
- history of organisation – previous use

Reason 1:

Reason 2:

Reason 3:

3. Purposes of the PMS

Aim: to document the purposes of using a PMS and how these are related to the activities included in the PMS.

Purpose and use of the performance management system in their organisation. If not spontaneously mentioned, prompt on individual purposes:

- setting and monitoring individual goals and targets
- planning and monitoring training and development opportunities
- determining rewards, including performance related pay and bonuses

If not spontaneously mentioned, prompt on organisational purposes:

- improving 2-way communications between employers and employees
- increasing employee motivation
- improving employee engagement in organisational objectives
- increasing financial performance of organisation
- disciplinary purposes and differentiation for redundancy etc.
- record keeping and supporting audits

Purpose 1:

Purpose 2:

Purpose 3:

Purpose 4:

Purpose 5:

Other:

How activities support the purpose: links made between activities and purpose within the organisation, for example: use of assessment evidence for awarding bonuses.

Activity 1:

Related to purpose(s)

Activity 2:

Related to purpose(s)

Activity 3:

Related to purpose(s)

Success of organisation's activities in achieving the organisation's purposes:

- how success of activities is monitored – for example, moderation panels
- awareness of employees of purpose of activities
- supportive or unsupportive
- if activities differ between grades of employees

4. Designing and implementing a PMS

Aim: to explore how the PMS was designed and implemented in the respondent's organisation.

The principles that make the system work:

- what are the main principles and values within their system, for example, fairness, transparency
- what principles should be part of a successful PMS
- how principles are considered in the design process

How the system was designed:

- defining use and purpose of the PMS – who managed this defining process
- ownership – which groups gave input

How organisation included different needs / perspectives:

- management
- HR
- staff members
- unions
- legal requirements

How the PMS was implemented within the organisation:

- challenges identified at different stages of implementation
- how and what solutions were found

Challenge 1:

Solutions:

Challenge 2:

Solutions:

Challenge 3:

Solutions

Use or recognition of unions and other employee bodies during implementation phase.

Last review of the performance management system – whether designed or updated recently:

- reason for review
- outcome of review

5. Future trends and changes

Aim: to explore the future of the PMS within the organisation.

Awareness of future developments in PMS:

- what changes are visible as future trends
- prompt on: technology, formal or informal meetings, self-appraisal
- likelihood of changes being made
- any barriers to change – prompt on financial investment (especially for tech), lack of management support for change, sector-wide practices

Trend 1

- barriers to Trend 1
- like/dislike of Trend 1
- suitability of trend for sector

Trend 2

- barriers to Trend 2
- like/dislike of Trend 2
- suitability of trend for sector

Trend 3

- barriers to Trend 3
- like/dislike of Trend 3
- suitability of trend for sector

3. Purposes of the PMS

Aim: to understand what the respondent thinks is the purpose of a PMS, and what processes and systems are used in organisations without a formal PMS.

What respondent thinks are the purposes of performance management systems overall (why other companies might use them).

If not spontaneously mentioned, prompt on, for the individual:

- setting and monitoring individual goals and targets
- planning and monitoring training and development opportunities
- determining rewards, including performance related pay and bonuses

Prompt on, for the organisation:

- improving two-way communications between employers and employees
- increasing employee motivation
- improving employee engagement in organisational objectives
- increasing financial performance of organisation
- disciplinary purposes and differentiation for redundancy etc.
- record keeping and supporting audits

Purpose 1:

Purpose 2:

Purpose 3:

How these purposes are managed within the organisation:

- other activities that take place outside of performance management
- any other arrangements for employee reward (for example, if bonuses or pay are linked to inflation rather than performance)

Purpose 1 – activities in organisation

Purpose 2 – activities in organisation

Purpose 3 – activities in organisation

4. Designing and implementing a PMS

Aim: to explore how the respondent might design and implement a PMS within their organisation

Theoretical principles needed for a successful PMS.

Ownership of PMS – who should manage the system.

Which groups / ideas should be able to give input:

- management
- HR
- staff members
- unions
- legal requirements

Theoretical challenges of implementing a PMS within their organisation.

If not spontaneously mentioned, prompt on:

- staff buy-in and engagement
- use or development of new HR systems
- creation of new policies and procedures

Challenge 1:

Challenge 2:

Challenge 3:

5. Future trends and changes

Aim: to explore the future of the PMS within organisations.

View of future developments in PMS (outside of their organisation):

- both from manager and employee perspective
- prompt on technology, formal or informal meetings, self-appraisal
- likelihood of changes being made
- any barriers to change – prompt on financial investment (especially for tech), lack of management support for change, sector-wide practices

Trend 1

- barriers to Trend 1
- like/dislike of Trend 1
- suitability of trend for sector

Trend 2

- barriers to Trend 2
- like/dislike of Trend 2
- suitability of trend for sector

Trend 3

- Barriers to Trend 3
- Like/dislike of Trend 3
- Suitability of trend for sector

Appendix 3: quantitative survey

A3.1 Weighting

In the UK, the majority of businesses are micro sized with 1 to 9 employees, despite the majority of employees working in large businesses that employ over 250 people. As this survey sampled respondents from individual organisations, the representation of respondents from micro organisations accounted for a large proportion of the sample. Nationally, in 2017 the number of different sized

organisations was as follows: 89% of organisations were micro businesses with 1 to 9 employees, 9% were small organisations with 10 to 49 employees, 2% were medium sized organisations with 50 to 249 employees and; 0.4% were large organisations with 250+ employees. By comparison, from the survey respectively the percentages of respondents were as follows: 34% (micro), 12% (small), 17% (medium) and 37% (large) (Figure A3.1).

Figure A3.1: Percentage of organisations of different sizes: UK organisations versus survey respondents [DBQ3]. Base: 1003
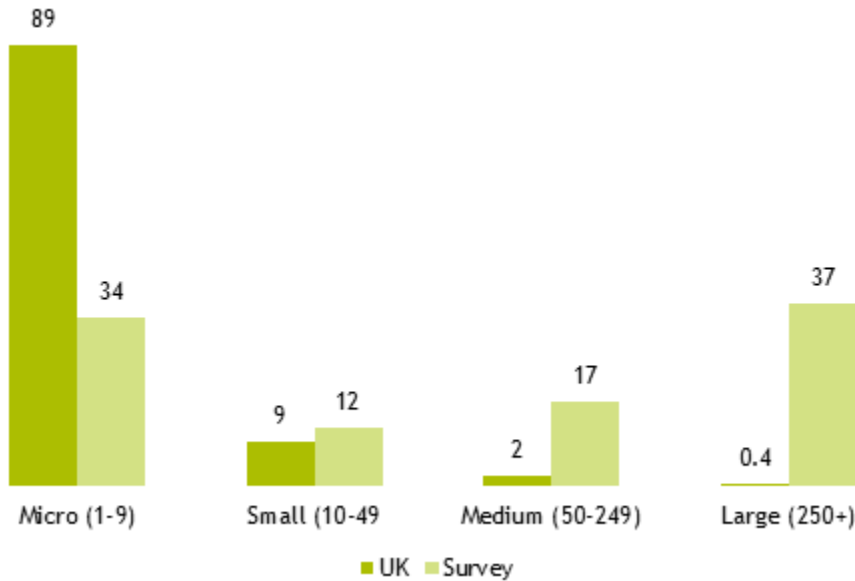
A number of variables were also collapsed, such as organisational size (DBQ3). Respondents were asked to provide the number of employees in their organisation; which was banded into 'micro', 'small', 'medium' and 'large' categories (as shown in figure A3.1, above). Additionally, organisational sectors (BQ1) were recoded using the ONS categorisation of UK businesses (figure A3.2). The representation of respondents from the public, non-profit and healthcare sector were higher than the proportion of organisations in operation in the UK. In contrast, organisations in operation from the agricultural, professional and food and retail sector were underrepresented in the survey.

Figure A3.2: Percentage of organisations in different industrial business sectors (recoded) [BQ1]): UK organisations versus survey respondents [BQ1]. Base: 1003
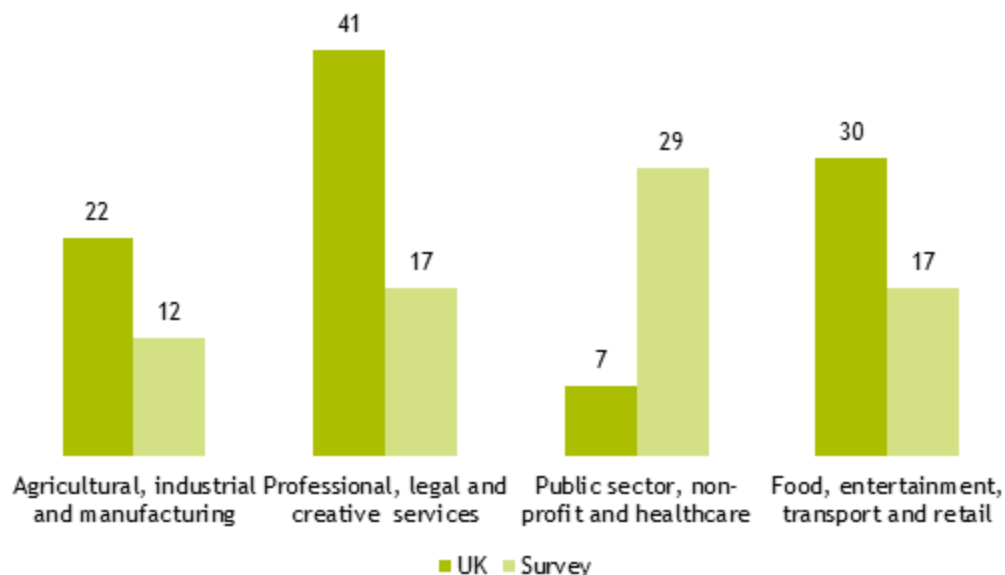
Note: 'Other', 'I don't know' and 'Refused to answer' responses not included; percentages do not sum to 100.

Using recoded industrial sectors and sizes of organisations, the survey data was weighted (table A3.1) to allow findings to be representative of the wider UK business context. All data described onwards, has weighting, both for descriptive findings and cross tabulation analysis. It must be mentioned the use of an online panel limited the representativeness of the sample. However, the use of weighting mitigated the risk significantly and ensured the ability to generalise the findings to the wider UK business environment.

Table A3.1: Profile of respondent characteristics: organisation size by industrial sector with calculated weighted bases

Size of organisation	All respondents	Agricultural, industrial and manufacturing	Food, entertain-ment, transport and retail	Professional, legal and creative services	Public sector, non-profit and healthcare	No answer
1 to 9	89	91	86	93	74	89
10 to 49	9	7	12	5	20	9
50 to 249	2	1	1	1	5	2
250+	0	0	0	0	2	0

Unweighted bases	1003	154	230	248	355	16
Weighted bases	1003	228	297	397	65	16

A3.2 Descriptive statistics

Download the tables of data on the survey questions in 'Appendix 3.2: Descriptive Statistics' (ODT, 80.1KB,15 pages).