

ReThinking Performance Management

HR needs to go to its next stage of evolution and positively reinvent itself towards a new approach in HRM. It's time to apply positive psychology principles and methods to HR's traditional roles through a new framework called Positive HR or HR+.

ReThinking Performance Management Through the Positive Sciences

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How could and should performance management be designed to meet the challenges organisations face today?

A broad movement in a wide array of scientific fields, ranging from psychology and brain research to sociology and organisational research, is offering new insights – as well as new answers: positive organisation scholarship, strengths-based management, positive psychology and positive leadership. These area approaches with which more and more companies have been having good experience and taking major steps toward better-performing organisations.

Summarised under the heading of “positive sciences,” these approaches all run in the same vein: they place the focus on strengths and solutions, foster collaboration, trust and individual responsibility, and use the premise of an organisational orientation based on common principles that increasingly assume the steering function fulfilled by strict rules.

Most representatives of organisational research characterised by positive sciences are unanimously calling for a more closely meshed discussion of performance. Annual planning no longer corresponds to the high degree of dynamism in which organisations operate nowadays, anyway. Moreover, annual reviews accustom executives to provide delayed feedback. Performance issues should rather be discussed weekly, monthly or simply as needed, but then within the framework of an extremely simplified process.

In the opinion of Marcus Buckingham, an advocate of strengths-based management, such a talk actually only needs to cover two questions: “What are we going to get done this week?” and “What help do we need from each other?”

Approaches based on positive sciences therefore mostly call for a process as simple as possible, where employees and executives can discuss their common objectives on a level playing field. The focus shifts from observing the past to planning for the future. Consultant and UCLA professor Samuel A. Culbert, one of the severest critics of the annual performance review, has coined the term “performance preview” in this context.

In doing so, the common goals should – as, for instance, suggested by top management advisor Nils Pfläging – not be static or defined in absolute terms, but rather be kept flexible and be revisited and adapted time and again.

The evaluation of performance should be a qualitative assessment that focuses on individual strengths and their utility, instead of analysing deficits.

Concentrating on strengths does not mean, though, that we should turn a blind eye to weaknesses. Rather, the aim is to manage employees' weaknesses in a conscious manner while identifying and fostering their strengths. To achieve this, some competences will have to be developed towards an acceptable minimum level. Others can perhaps be made irrelevant by redistributing responsibilities.

Ideally, proactive performance management should also include planning the distribution of responsibilities, with the goal of individual employees assuming a great number of responsibilities where their strengths can be utilised and developed and their weaknesses are of as little importance as possible.

To sum it up, these approaches recommend:

- High frequency of performance interviews in conjunction with a radical simplification of the process
- Joint responsibility for the process and reciprocal feedback, instead of a top-down evaluation

- A qualitative consideration of performance, instead of a quantitative view
- Separation of performance interviews from negotiations on salary or bonuses
- A focus on the future and common goals, instead of looking back at the past
- A consistent focus on individual responsibility, instead of external supervision, as well as
- Flexible goals that correspond to the dynamic situations.

Principles-based performance management

Based on the experience gathered during our consultancy work, we find it important to add something:

Every process has to fit the organisation. We therefore recommend aligning all structures, processes, sets of rules or decisions with core organisational principles.

Coordinating behaviour, structures and processes works best when they are aligned according to common principles, as the principles grow stronger in turn due to this alignment and people can begin to recognise these principles in actions.

Principles that are lived consistently provide orientation, strengthen organisational culture and make rigid rules increasingly superfluous.

For this reason, not only the selection of the guiding principles that support the organisation's strategy is of major importance. The consistency with which these principles are implemented in every area is also decisive.

A performance management system that supports performance optimally should therefore be aligned with principles with regard to both its form and contents. Which questions are discussed during a performance interview should be reviewed according to this approach, as should the framework, frequency or documentation of such interviews.

And how does this alignment work in practice?

Over recent years, more and more organisations have been placing their trust in the new insights provided by the positive sciences and organizational design. To see an example, below is an interview with the Head of HR of Austrian technology company Knill Group.

CASE STUDY: KNILL GROUP

An Interview with Alexandra Leopold

Let's take a look at Austria, where the tradition-steeped, family-operated company of the Knill Group has grown to become a global conglomerate that is the international market leader in many of its fields of activity.

Knill has consistently aligned its leadership with the positive sciences and principles-based organisation. In the last years, Alexandra Leopold, Head of HR of Knill Technology, decided to subject the annual performance reviews to a relaunch in line with the organisation's principles.

How did that turn out? Let's ask her...

MS LEOPOLD, WHAT LED YOU TO ALIGN YOUR PERFORMANCE REVIEWS WITH THE ORGANISATION'S PRINCIPLES?

We had a situation in which it became increasingly evident that our organisation's principles were not developing their potentials. They were not much more than pretty posters on the wall. The management team therefore decided to bring these principles to life. We were also getting to work on re-launching our performance review, we decided to align the new performance review strategically with the principles, which was one of the first instruments at that time to be adapted.

WHAT IS THIS NEW PROCESS LIKE? WHAT IS DIFFERENT TO BEFORE?

The former instrument was very classic and traditional, with target agreements and performance reviews based on key figures and scales, as well as standardised forms and rules.

The new process is both directly and indirectly aligned with the principles; directly in the sense that the principles themselves are discussed in the interview, indirectly as the entire process reflects the principles.

The strongest influence is exerted by the principles of 'individual responsibility' and 'orientation towards strengths'.

The manner of posing questions is also brand new. We work with elements of the appreciative inquiry.

The topic of performance and goals has changed substantially with regard to contents. We have removed key figures to a large extent. Goals no longer have to be linked to and measured according to key figures.

IF NOT, THEN WHAT DO YOU ALIGN THE GOALS WITH NOW?

When we now talk about performance and goals, then with regard to learning, development, success, strengths and talents. We do not hide the weaknesses, problems and failures, though, but rather very consciously place the focus on strengths.

The classic job description takes a backseat and is replaced by role descriptions. We want our employees to see the 'big picture'. To do this, it is necessary to understand that the expectations of the various stakeholder groups can be very different, depending on the responsibility. We therefore make it possible to see the many different roles we repeatedly play when doing our work.

WHAT DIFFERENCE DO THESE CHANGES MAKE?

People do not feel like they are on trial anymore during the performance review. This process sometimes used to be associated with pressure and fears, which made discussing problems and deficits in a constructive manner very difficult. We have seen a significant improvement in this regard.

And we have recognised that the majority of our staff cannot be represented by key figures due to all of their responsibilities and efforts. In retrospect, the former target agreements now seem relatively useless with all their pseudo objectivity. The evaluation scales did rather prevent an orientation towards strengths.

The orientation towards strengths and potentials, on the other hand, has been welcomed as very positive and motivating.

WHAT REACTIONS DID YOU EXPERIENCE WITHIN THE ORGANISATION, BOTH FROM EXECUTIVES AND YOUR STAFF?

Most of them were positive. Performance reviews are more fun and generate more motivation. You have to contemplate more, but what you should contemplate is important and makes sense. The interviews do not take as long as they used to, because we only talk about what is currently important and we perform them in a very efficient manner. You find out more and get to know each other better, which is good for work.

WHAT DID YOU MANAGE ESPECIALLY WELL IN THIS PROCESS? AND WHAT ISSUES ARE STILL OPEN?

On the whole, the new performance review is definitely a very positive change. The new manner of posing questions alone motivates people to contemplate and assume responsibility for themselves. That is a minor change with a major impact.

The shift from job descriptions to role descriptions is an elaborate task that is not yet completed, be it formally, mentally or in practice.

Dealing with low performance has surely presented some new challenges for management.

The high degree of individual responsibility and the practical absence of rigid requirements, of course, also pose the risk of a lack of commitment. We therefore still have to develop the process further.

WHAT WOULD YOU RECOMMEND TO OTHER ORGANISATIONS THAT ARE CONSIDERING RE-WORKING THEIR PERFORMANCE MANAGEMENT OR EMPLOYEE INTERVIEWS IN ORDER TO ALIGN THEM WITH CORPORATE PRINCIPLES?

The orientation towards principles cannot just be hot air! That is not always easy. When contradictions and conflicts of values arise in everyday life, it is often hard work to live principles consistently and it can be tempting to make exceptions. Coherence to quality management as well as to ISO standards and certificates should be ensured. Thinking about these topics at an early stage saves lots of work later on.

What is extremely important is that management has to stand firmly behind it. It sometimes makes more sense to align yourself with established systems than to get rid of everything and start from scratch. The "what" and "how" simply have to fit the company.



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