



# 5 Performance Management Tactics to Boost Employee Engagement

BY DAVID CREELMAN



*Performance management and engagement initiatives are both important. However, we usually think of them as being quite separate—maybe even in opposition to one another. Isn't performance management about driving relentlessly for results while engagement strives to humanize that and keep employees motivated? It is true that engagement and performance can be seen as standalone programs, but if we take a moment to look at them together we can see how naturally good performance management can create engagement.*

## **Misunderstanding Engagement**

There is some confusion about what “engagement” really means. Engagement is meant to be the next step beyond satisfaction. You may be satisfied with a friend, but if you are engaged, well that implies a whole new level of commitment. But the idea that engagement means passionate, enthused employees does not capture the full breadth of the term.

If you look at how engagement is actually measured you'll get a more accurate view of what we are dealing with. For example, one of Gallup's Q12 questions is “Do you have the materials and equipment you need to do your work right?” Is this telling us something about passion or simply the ability to get work done? The correct answer is “a bit of both,” at least in the sense that if people don't have the tools they need then the chances of them being passionate are pretty small. Hewitt Associates' engagement survey asks whether employees understand the goals of the organization—that question is about alignment, not enthusiasm.

What consultants were really looking for when they developed measures of engagement were questions that were relevant to performance. That's why the controversial “Do you have a best friend at work?” question was included in Gallup's survey. This question proved to correlate with performance (i.e., if you measure engagement using this as one of the questions then that score correlates with unit performance). Many managers don't like the question because they think “How the heck am I supposed to make sure people have a best friend?” And granted that's a good point, but the question makes better sense if we understand that the engagement measure is simply about factors statistically correlated with performance.

This brings us to the insight that engagement is all about performance. It just doesn't make sense if your performance management process is not driving engagement and if engagement initiatives are not driving performance.

## The Relevant Elements of Engagement

While different consulting firms have different instruments to measure engagement they typically include questions that tie in closely with the performance management process. Here are five elements that are usually found in engagement measures.

1. **CLARITY:** Are you clear about goals?
2. **SUPPORT:** Do you have the support you need to reach your objectives?
3. **FIT:** Does your job match your skill set?
4. **FEEDBACK:** Do you regularly get useful feedback?
5. **DEVELOPMENT:** Are you given opportunities to develop?

Let's look at the relationship between each of these elements of engagement and your performance management process.

### What to do about Clarity

One thing managers can do to improve engagement is to improve clarity. People need to know what is expected of them at work. How do we improve clarity? A great way to do that is with goal setting.

Managers too often see the goal-setting component of the performance management process as simply a way to keep score so we can appraise the person at the end of the year. Sure, it does serve that purpose, but the appraisal angle is simply not as important as the clarity angle. The manager should be ensuring that when they ask

<sup>1</sup>Gallup's Q12 questions are protected by copyright.

### Can you have too much engagement?

"Engagement is generally a good thing but we need to optimize engagement, not maximize it. At some point further investment in engagement is not going to pay off.

Furthermore, we need to measure a number of elements that drive workforce performance, not just engagement. The smart company invests effort in the factors that are most holding back employee performance; sometimes that is engagement but sometimes it is not."

*Dr. Laurie Bassi, CEO  
McBassi & Company*

an employee "Is it clear what is expected of you and how it aligns to the organization's goals?" the answer will be a confident "Yes." That's a much more positive way of understanding goal setting than simply framing it as a tool for appraisal.

Often the most miserable part of goal setting can be trying to come up with measures. Again if our focus is simply on appraisal then the measures can seem incomplete or in some other way unfair. However, a discussion of measures is actually one of the most powerful tools a manager has for creating clarity, and hence, engagement. Imagine that a goal for a marketing employee has to do with getting good press. They may have in mind

getting positive mentions in the large newspapers, but when the head of marketing says “Let’s talk about how we will measure this” the discussion may focus on getting good reviews in the trade journals. This leaves the employee with a much better idea of what really is important. The value of talking measures is so the employee has real clarity about what matters to their manager.

If managers recognize the role that the performance management process plays in creating clarity then they will come to understand how it supports engagement.

### **What to do about Support**

Employees need to have support—the tools and training to achieve their objectives—to feel engaged. Is ensuring employees have the right tools and training part of the performance management process? If you think the answer is no then what process is it a part of? It needs to fit somewhere and the performance management process is a natural place. Support is a performance issue too easily overlooked, but as soon as we put on our engagement glasses it stares us in the face.

There is a danger that we are already hanging too many things off the performance management process and this is just one more thing to worry about. Still, given the importance of this factor in engagement it is wise for managers to use the performance review as an opportunity to ask employees if they have the support they need. Hopefully, the answer will usually be yes but wherever the answer is no we have an engagement and performance issue that needs to be acted upon.

### **What to do about Fit**

Another way managers increase engagement is by ensuring employees can use their strongest skills. Someone who is great at making presentations will thrive if that is part of the job. What does that have to do with performance management? In fact, this one question gets at quite a fundamental aspect of how we think about managing performance.

We usually work from the model that you define the job then find the person that suits the role. This approach is just like that of a writer crafting a beautiful script and then finding actors for the various roles. But that isn’t always how things work; sometimes a writer will craft a part with a particular actor in mind—Shakespeare did this for some actors. Similarly managers, if they think about it, can often craft the tasks (and associated goals) to what each employee does best. Good performance management systems will give you an accurate picture of your employees highest ratings for skills and competencies - which can then be put to good use!

Going into performance planning with an engagement mindset is a much happier way to approach it than worrying primarily about setting targets you fear the employee won’t like and may fail to achieve. Asking “How do I assign tasks that fit?” is a manager’s path to better engagement scores and improved output.

## Performance at Howard Regional Health System

Based in Kokomo, Indiana, Howard Regional Health System's 1,300 employees offer a full spectrum of healthcare services. For this organization an important way to bring performance management and engagement together is through clarity of performance standards.

"We used to be quite loose in how we assessed performance, but we've become much more specific about what each job requires," explained HR specialist, Patty Gerhart. "This makes it easier for managers to assess performance and employees appreciate knowing what is expected of them."

The introduction of performance management technology has made the appraisal process much easier. The HR department used to be awash in paper, but now it can focus more on issues like fairness and clarity.

Another opportunity for creating clarity is the orientation program. In this program every employee is trained in the hospital's performance standards. These standards cover everything from the dress code, to how to treat fellow employees, to elevator etiquette required in the hospital.

However, a lot depends on the individual managers. Some managers go out of their way to praise good performance and point out bad performance—practices that increase clarity. However, others are less communicative. Managers often want HR to "do something" for high performers, but frequently all an employee wants is for their own manager to show he or she is noticing the good work being done.

If one were to make a generalization it would be fair to say that long-serving employees tend to be more engaged than newer employees. This may be a generational thing or it may be that longer-serving employees better appreciate the organization's mission and their own responsibilities.

Engagement doesn't always show up as big dramatic actions. It often appears in the simple things such as arriving on time ready to work, rather than clocking in on time but then hanging out in the cafeteria for 20 minutes before starting.

The HR department keeps an eye on its own programs, managerial behaviour and employee attitudes in order to keep in touch with what's needed to boost engagement and performance.

## What to do about Feedback

Feedback is the part of the performance management cycle that you easily find in books about the process but may have difficulty finding in real life. HR can't force managers to give timely and helpful performance feedback, but once again, an engagement mindset can help.

Feedback is neither about praise nor criticism; it is about saying something that an employee finds helpful. Motivation doesn't only come from praise; feedback is in many ways its own reward. Imagine a boss who regularly gave thoughtful feedback but was reluctant to actually frame it as praise. From a performance management point of view that is fine. What is nice about this engagement framework is that it gives us something specific to do (give feedback) and in the Gallup measure a specific time frame (once a week).

For many managers this sort of regular feedback does not flow naturally from their daily routine. Managers may be busy with their own work, their subordinates may be remote, and they may have large numbers of subordinates—which means it takes a special effort to give weekly feedback. Yet as managers are taught to have an engagement mindset they come to see that feedback is a behaviour that will improve performance.

The trick here is to notice that what is being demanded is not time intensive. It might only take a minute or two to provide some feedback to an employee. It may simply be saying "How you handled that presentation was good because it considered the needs of all the stakeholders" or "You are going too fast, take more time to explain

## Have to vs. Want to

"One thing that holds back good performance management is that managers feel they are forced to do it. They end up seeing it as an administrative activity and not as a way to get results from the team.

HR needs to invest in the tools and communication that will change how managers think about the performance management process. They need to see it as something that is helping them drive engagement and performance."

*Sharon Flanagan, President  
Ignite Essentials Leadership Development*

to Tony what you are trying to do." This is not onerous, particularly because it is part of the action of getting work done. It's a matter of recognizing that you don't need to do this every day, however if you are only doing it once a month then that is not frequent enough.

A good performance management system will also allow both the employee and the manager to maintain a journal which can form a basis for a regular dialogue about performance.

## What to do about Development

One of the main goals of performance management is development—which is directed towards ensuring we have the capability for good performance in the future, not just good performance in this fiscal period. But the engagement research shows us an added performance bonus: if you develop for the future, employees will be more engaged today.

Another fresh angle that engagement provides about development is that questions often include time frames. The engagement question may not ask about development in general, but specifically if you have received development in the last several months. Dr. Laurie Bassi, CEO of the consulting firm McBassi & Company says that unless employees are being given opportunities to develop two or three times a year then they'll likely give a low rating when asked about development in a human capital survey. The implication for performance management is that an annual review is not enough. You don't have to discuss development every quarter, but the performance appraisal process would do well to include a semi-annual review that looks at the employee's development. For other types of firms—such as professional services organizations—the frequency may be even be higher. Typically after each project or engagement has concluded performance and development guidance ought to be provided.

## Actions to Take

Because performance management is in many ways the centrepiece of the talent management system, it should be no surprise that it has an impact on many of the elements that drive

## Creating linkages

“Managers tend to act as if employee engagement, individual performance and business results were three separate things. HR leaders need to make clear the linkage of how engagement leads to individual performance, which leads to business results. You should be measuring all three and establishing if the linkage is there. That's what business-minded HR is all about.”

*Larry Costello, Managing Director  
Lawrence Bradford Group*

engagement. The surprising thing about looking at performance management through the engagement lens is that it makes the value of the process so much clearer.

What engagement teaches us first is that the role of performance management in providing clarity is very important and managers should recognize that this is one of the main things to get out of goal setting.

HR should recognize that the issue of providing employees with the support they need is easily overlooked and they may want to build something about that into the performance management process.

Thirdly, engagement changes our thinking from “The performance management process should be about getting the employee to do the job” into

## **Performance at Campus Management Corporation**

Campus Management Corporation is a technology company providing enterprise resource planning software to educational institutions. For Campus Management the key to linking engagement to performance management is making sure that performance management is an on-going process, not a once-a-year administrative activity. In this organization managers may work with the performance management tools daily, quarterly or on an ad hoc basis.

Managers and employees can update the performance management system as often as they like, even daily, by posting notes to the online performance journal, recording progress on projects and revisiting goals. For employees and managers who take this seriously, the performance management system becomes a dynamic tool that keeps them focused on results, not just an administrative system for setting pay. The employee involvement is important because it helps get employees out of the “I came to work for eight hours” mindset into the “What did I accomplish that is relevant to my goals” mindset. It allows the employee to take more ownership of the process.

“Employees like feedback on how they are doing and by making performance management a more frequent activity they get that,” said Kathleen Bocek, vice president, people. “No one likes hearing negative news, but if we position it right in terms of how we are going to help them develop and improve then employees appreciate that.”

Not all people are so diligent in giving feedback, but the HR department does encourage managers to log into the system once a quarter to review and update the performance of all employees. The quarterly reviews are encouraged but not mandated. Managers have to want to do this for it to be of value, so HR approaches this through persuasion, not enforced compliance.

The other time frame is simply ad hoc. Campus Management recently reorganized one department, which meant most employees were going to new managers. Rather than pass on dated performance information to the new managers, the current managers took the time to go into the system and make sure the performance journal was up to date.

This enlightened approach to performance seems to be working. Campus Management has improved their engagement scores and one reason for that is better feedback to employees thanks to their effective use of an online performance management system.

The HR department keeps an eye on its own programs, managerial behaviour and employee attitudes in order to keep in touch with what’s needed to boost engagement and performance.

thinking “We should use this as an opportunity to tune the job to fit the employee’s strengths.” This kind of thinking is fundamental to good management and we need to train our managers to think this way.

Frequent feedback is one of those things that we always say should be part of performance management, but it’s actually not a formal part of the process because you can’t compel managers to do it the same way you can compel them to annually update each employee’s appraisal. Teaching managers the impact of weekly feedback

on engagement gives them a clear guideline of what constitutes good practice.

Finally, the work on engagement leads us to suspect that an annual review of development is not enough to drive high levels on engagement. HR should consider instituting more frequent reviews specifically to talk to each employee about how they are developing.

The companies mentioned in this report — Howard Regional Health System and Campus Management — use Halogen Software’s solutions to help improve employee engagement.

To take a self-guided product tour of Halogen’s award-winning talent management solutions please visit: <http://www.halogensoftware.com/products/tours/>