Performance reviews in the vast majority of organizations follow this trajectory: setting objectives, feedback, manager assessment and rating, consensus meeting, salary/bonus decisions.

But does this process really work? Is it efficient? Is it consistent across the organization? Is it viewed as a value-add? Most employees would answer with a resounding “no.”

So what’s the solution?

For Pennsylvania State University, it was blowing up the current process and starting fresh.

The Problem
“In a nutshell, performance reviews at Penn State were viewed as an HR torture device,” jokes Stephanie Flanagan of Penn State’s human resources department. In fact, a survey of employees on the performance management process at Penn State (which yielded an astounding response rate of 52 percent), found that:

• Fewer than 50 percent of respondents believed that university leaders viewed performance management as a critical process;

• Only 11 percent believed the process was consistent across the university;

• Most supervisors and employees didn’t have the skills to successfully engage in effective performance management activities; and

• There was a perception among employees that reviews were of limited or no value — they believed high performance was not rewarded and low performance was not addressed.
The Solution
Flanagan says that while Penn State is still in the early days of its new performance management process, several groups on campus have made significant strides in making performance management more engaging, ongoing, consistent and fair. “We’re in the midst of transforming our HR department, and we’ll be putting much more emphasis on employee development and career pathing, which will connect to the foundations that we are currently trying to get right in the performance management space.”

Here are a few things Penn State has done to help move performance management in the right direction:

- Individual goals are now linked to university and departmental strategic plans;
- Ethics and compliance components have been added to the performance management process;
- Ongoing performance conversations are happening more frequently between supervisors and employees, thus helping to ensure that there are no “surprises;”
- Performance ratings have been simplified;
- Overall ratings are now linked to merit pay; and
- Calibration conversations have begun and overall ratings have shifted toward a more accurate, fair and consistent distribution.

Flanagan and her team are now working to become even more laser-focused on performance management best practices. Says Flanagan, “We’re continuing to build performance management-related skills for leaders, supervisors and employees; continuing to roll out calibration fundamentals across the university, and beginning to build other strategies linked to performance management, including pay for performance, succession planning and career development.”

Learn more about Penn State’s new approach to performance management in the March 22 webinar “Back to the Future of Performance Management.” For more resources on performance management, check out the Performance Management toolkit in CUPA-HR’s Knowledge Center.

Additional Readings
3 Ways to Make Your Performance Process More Effective
3 Tips for Flexible Performance Management
Lessons Learned From Implementing a Homegrown Performance Management System
The Nuts and Bolts of a Pay-for-Performance Strategy