The Future of Performance Management 2023

Use continuous feedback to nurture a strong manager-employee-partnership

Over the past two years, performance management has changed to focus more on the needs of employees

We asked respondents how performance management has changed in the past two years

- 32% say there has been an increase in the frequency of one-on-one meetings
- 32% indicate employees have had greater input into their performance goals
- 30% indicate that managers have been touching on issues aside from performance such as well-being

What are the objectives of performance management and how do organizations structure goals?

The primary objectives of performance management reviews are:

- 71% help the organization improve overall performance
- 68% boost communication between employees and managers
- 66% help individuals learn and grow

When it comes to results tracking, most use SMART goals

- 63% Key Performance Indicators
- 38% Objectives and Key Results

Other notable responses include:

The key performance metrics used are:

- manager ratings
- self-ratings
- goal achievement

However, only 30% say their performance management process accurately portrays employee performance!
More organizations should consider making greater use of performance management technology.

While 62% believe their performance management technology system(s) facilitates employee performance review or appraisal process,

Only 42% use digital technology to a high or very high degree.

Most managers lack PM-related training and accountability, which could explain their poor performance management skills.

Managers are missing key training in terms of performance management:
- 31% agree or strongly agree managers have received sufficient training in performance management.
- Only 30% say they are good at having conversations about workplace performance and behaviors.
- Only 23% agree or strongly agree that the managers of their organizations are skilled at overall performance management.

Companies expect continuous feedback to become a critical focus in future:
- Over the next two years, the top three changes expected are:
  - Including more frequent or continuous feedback (58%)
  - Including more manager training (55%)
  - Including more frequent, natural conversations (48%)

Compared to PM laggards**, PM leaders* are:
- 3x more likely to have top leaders that see performance management as an aid to development and crucial to the business
- 2x more likely to be good at helping employees set goals
- Nearly 2x more likely to say managers have received sufficient training in PM
- 1.5x more likely to allow for continuous feedback today and plan to prioritize it in the future

Consider these strategies:
- Develop managers to be better performance coaches and assessors
- Get leaders to “rethink” PM and gain their support for change
- Consider using digital technology to facilitate performance reviews
- Start managing and measuring project and team performance

The Future of Performance Management survey ran in the second quarter of 2023. We gathered 295 complete and partial responses from HR professionals in virtually every industry vertical.

*Performance-management (PM) leaders: respondents who say their organizations’ performance management processes result in them achieving all performance management goals to a high or very high degree.

**Performance-management (PM) laggards: respondents who say their organizations’ performance management processes result in them achieving all performance management goals to a moderate, low, very low degree, or not at all.