

Contemporary Performance Evaluation Practices Survey

WorldatWork in partnership with a team of researchers led by Jasmijn Bol, Ph.D., of Tulane University

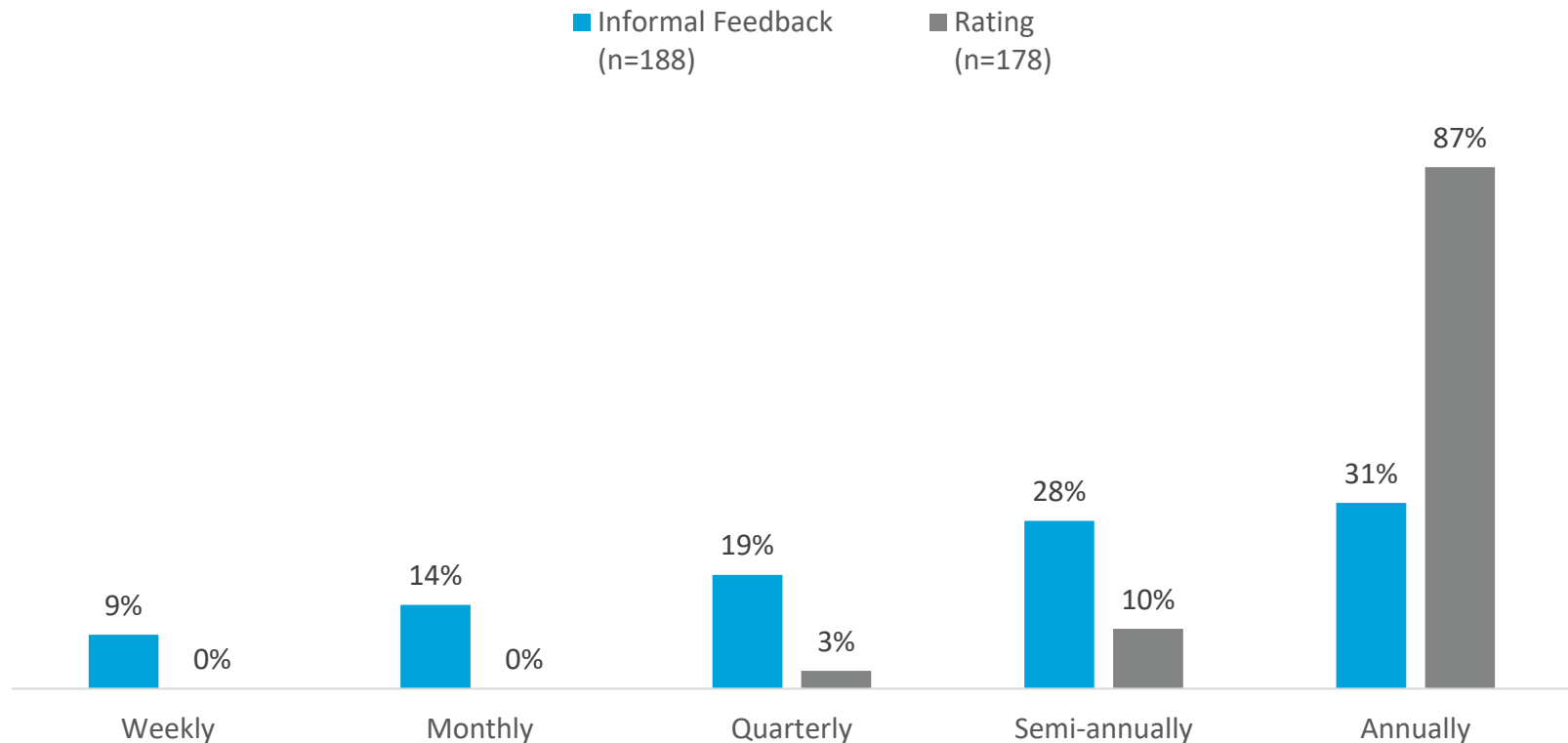
Executive Summary

- Most organizations indicate that the effectiveness of their performance evaluation process could be improved, and fewer than half of companies surveyed are satisfied with their company's performance evaluation process.
- Most companies provide annual performance ratings, whereas informal performance feedback is often provided more frequently.
- 43% of companies surveyed use calibration committees and among organizations using calibration committees:
 - Most have done so for over four years
 - Employees generally know the identity of calibration committee members
 - Companies indicate their calibration committees to be especially effective at providing information for compensation decisions, increasing transparency, and limiting bias.
- 48% of companies surveyed use alternative raters and among organizations using alternative raters:
 - Alternative raters usually provide feedback using the same metrics as the direct supervisor, but also often provide open-ended feedback.
 - Most organizations indicate that the effectiveness of their use of alternative raters could be improved.

Characteristics of the Performance Evaluation Process

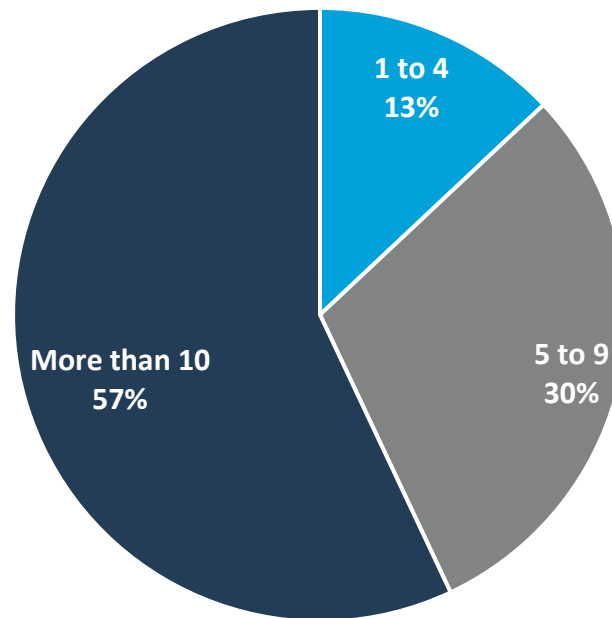
Performance ratings are provided annually by most companies, whereas informal performance feedback is often provided more frequently.

Frequency of Performance Evaluation



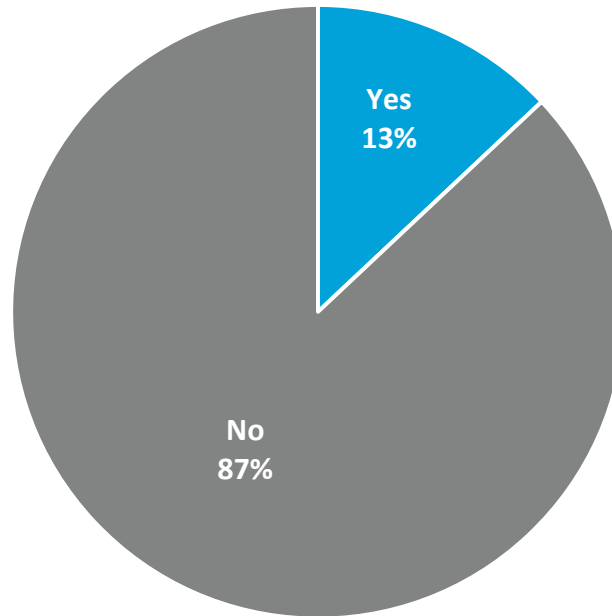
Most supervisors are responsible for evaluating more than 10 employees.

Typical Number of Employees Evaluated by Each Supervisor
(n=174)



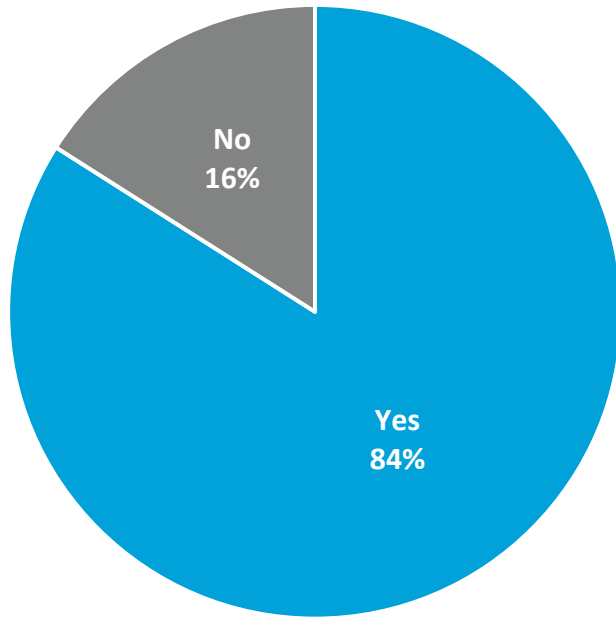
Use of forced ratings distributions is fairly rare.

Use of Forced Ratings Distribution
(n=188)

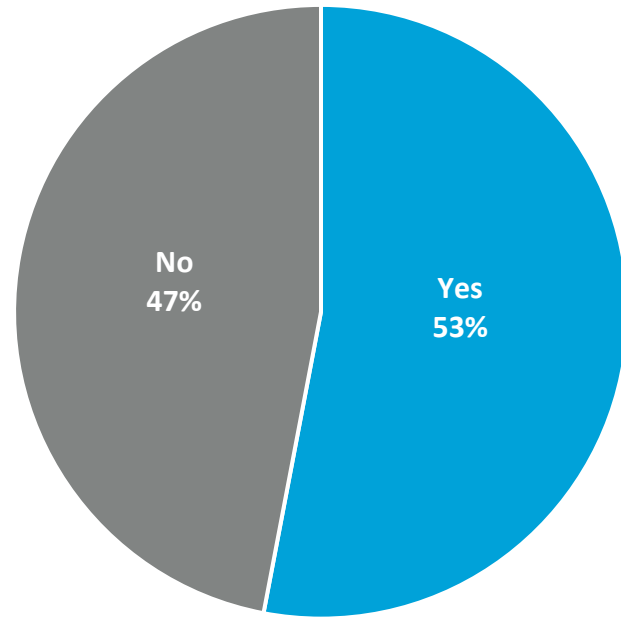


Performance ratings are often used to determine both salary increases and bonuses.

Salary Increases
(n=189)

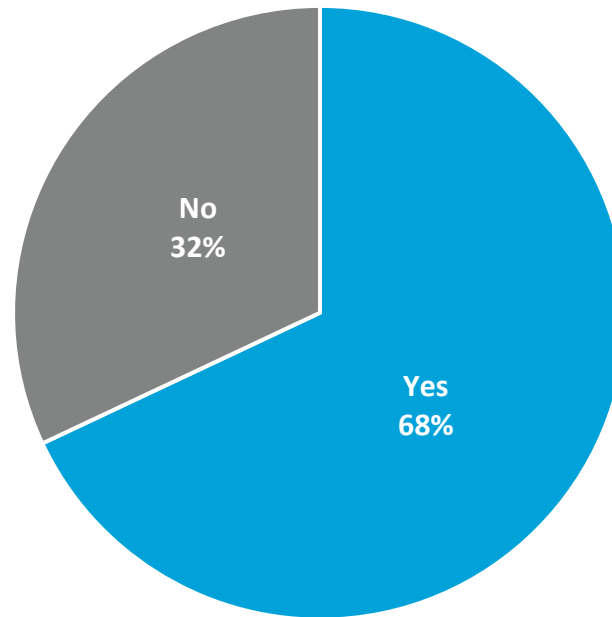


Bonuses
(n=186)



Among organizations that use bonuses, two in three use a bonus pool (e.g., a pre-determined pool of money to be distributed among employees based on their performance).

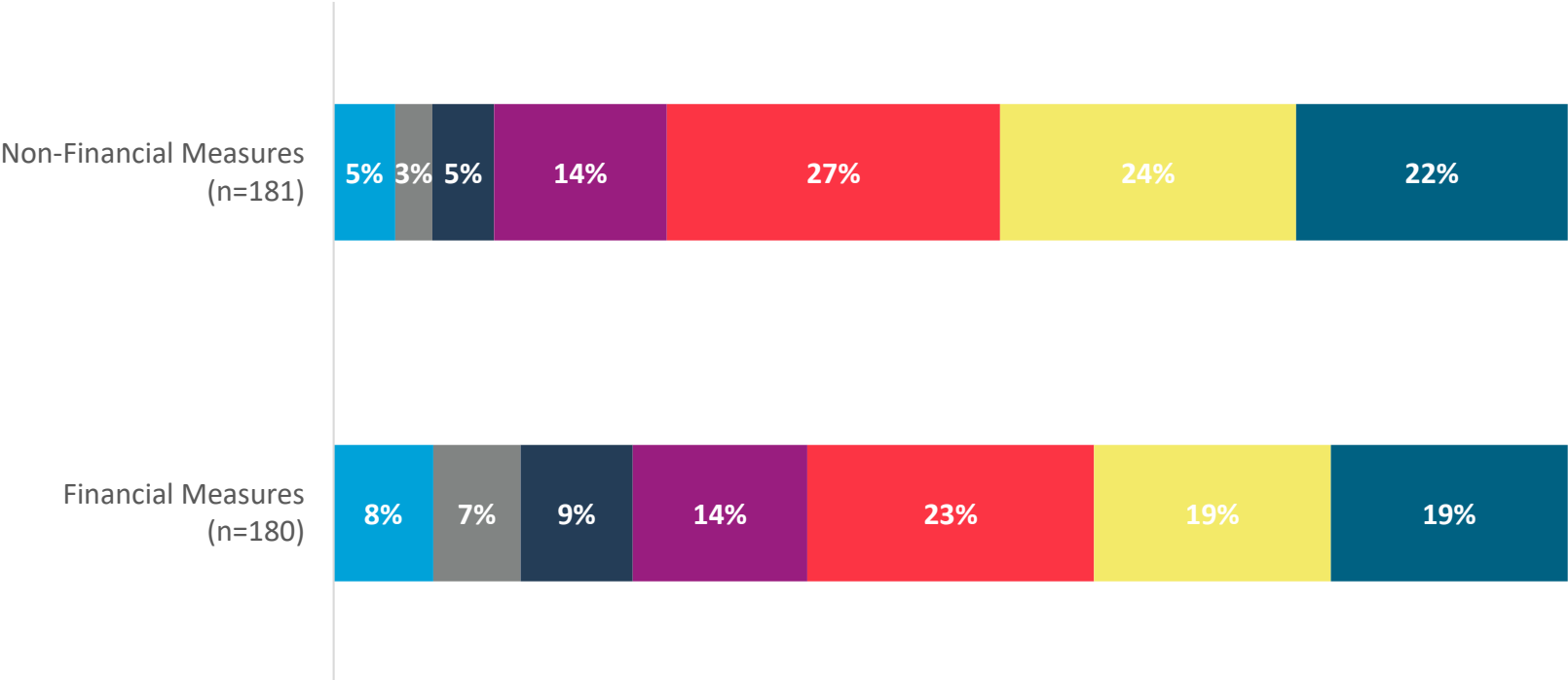
Use of Shared Bonus Pools
(n=91)



Supervisors have access to both financial and non-financial performance information when evaluating employees.

Direct Supervisors' Access to....

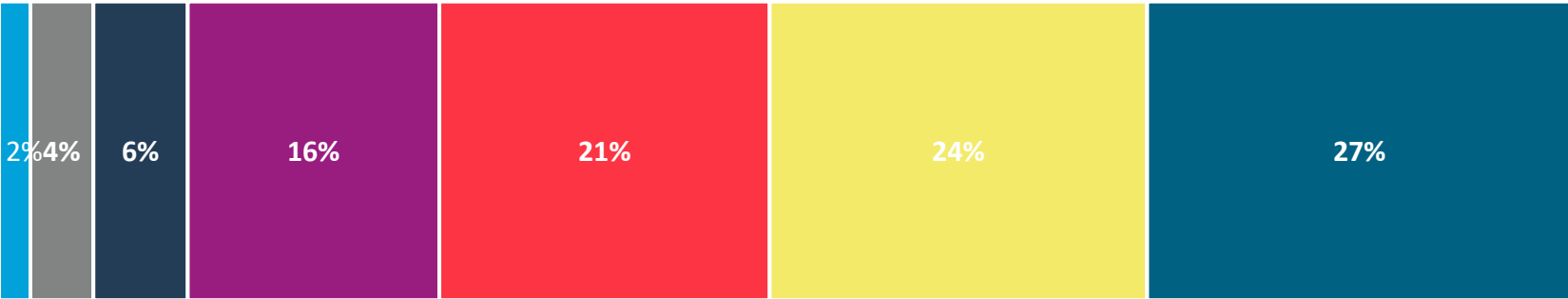
■ Not at all ■ 2 ■ 3 ■ 4 ■ 5 ■ 6 ■ To a Large Extent



Most organizations indicate that their performance evaluation process reflects their company's guiding principles and core values.

Extent to Which Company's Performance Evaluation Process Reflects Guiding Principles/Core Values (n=254)

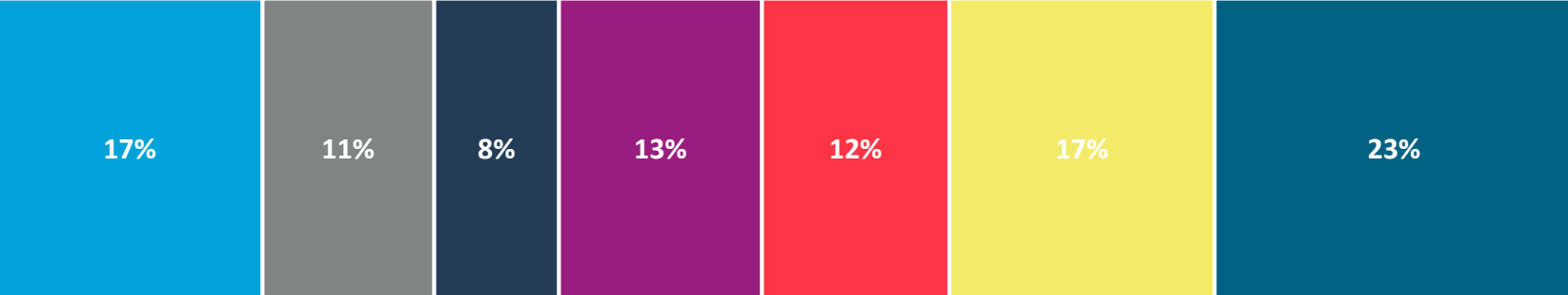
■ Not At All ■ 2 ■ 3 ■ 4 ■ 5 ■ 6 ■ To a Large Extent



There is substantial variation in the extent to which companies rely on technology solutions in their performance evaluation process.

Extent to Which Company's Performance Evaluation Process Relies on Technological Solutions (n=253)

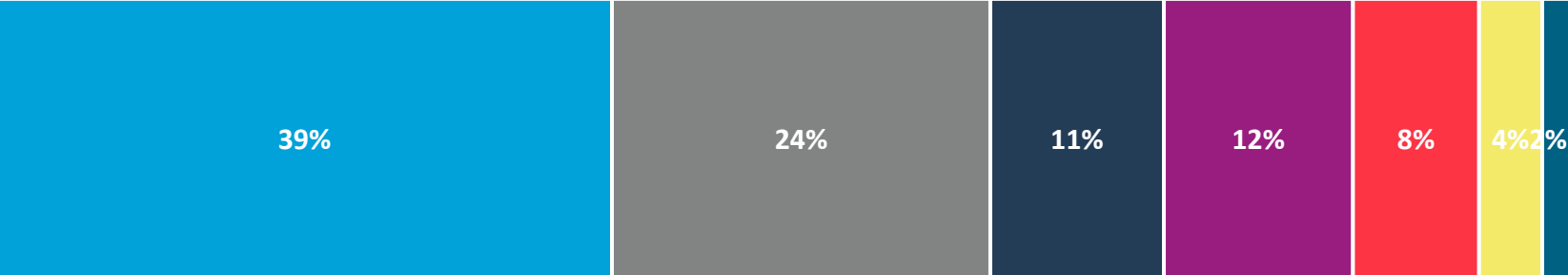
■ Not At All ■ 2 ■ 3 ■ 4 ■ 5 ■ 6 ■ To a Large Extent



Most organizations indicate that their performance evaluation process does not heavily incorporate consultant recommendations.

Extent to Which Company's Performance Evaluation Process Incorporates Consultants' Recommendations (n=252)

■ Not At All ■ 2 ■ 3 ■ 4 ■ 5 ■ 6 ■ To a Large Extent



Effectiveness of the Performance Evaluation System in Achieving its Objectives

Most organizations indicate that the effectiveness of their performance evaluation process could be improved.

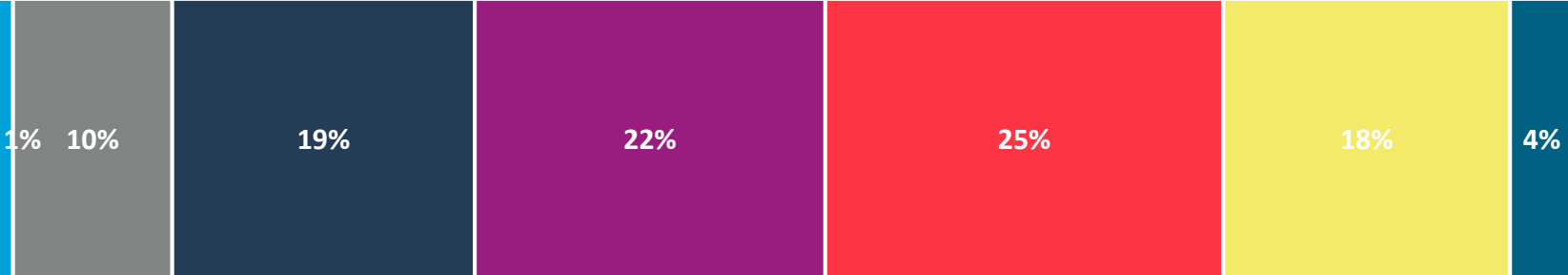
Objectives (n = 212)	Considered an objective by your company? (Yes)	Extent to which <u>performance evaluation process</u> is effective*
Providing timely and high-quality feedback	99%	50%
Increasing consistency across supervisors	97%	53%
Increasing transparency	97%	57%
Providing information for compensation and personnel decisions	95%	66%
Increasing perceptions of fairness	95%	44%
Mitigating bias	95%	44%
Providing information for talent management	93%	54%
Identifying promotion candidates	90%	47%
Creating employee buy-in for promotion decisions	84%	32%
Providing information for appropriate job assignments	82%	34%

* For each objective, participants were asked to rate the effectiveness of their company's performance evaluation process in achieving the objective on a scale from 1 (not at all) to 7 (to a large extent). The percentages show answers that stated 5 and higher.

Fewer than half of respondents indicate that they are satisfied with their company's performance evaluation process.

Overall Satisfaction with Performance Evaluation Process
(n=212)

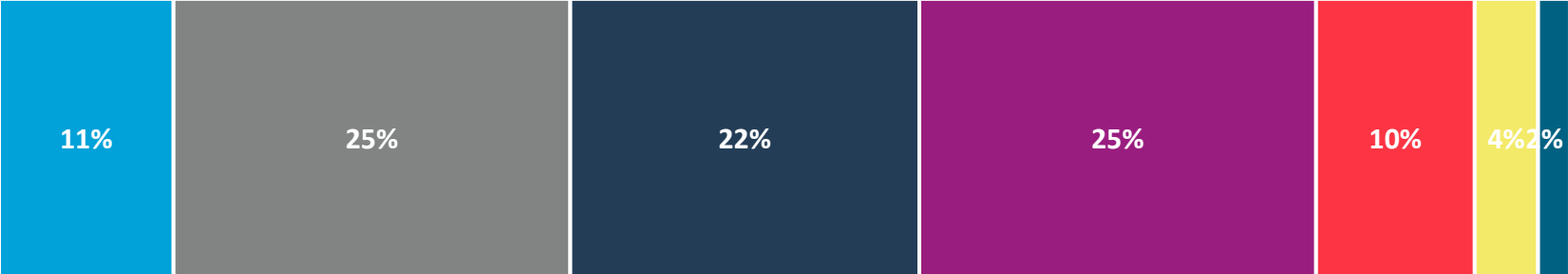
■ Not At All ■ 2 ■ 3 ■ 4 ■ 5 ■ 6 ■ To a Large Extent



Most organizations indicate that their company's performance evaluation process does not create major employee complaints about fairness.

Extent to Which Performance Evaluation Processes Create Employee Complaints about Fairness
(n=251)

■ Not At All ■ 2 ■ 3 ■ 4 ■ 5 ■ 6 ■ To a Large Extent



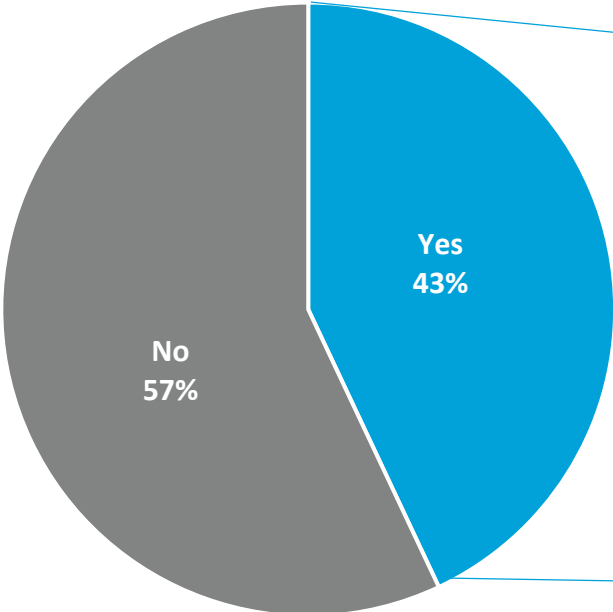
Calibration Committees

Calibration committees are groups formed for the purpose of "calibrating" (i.e., discussing, justifying and potentially adjusting) performance assessments. Calibration committees convene to calibrate supervisors' assessments of their direct reports and make adjustments, where necessary, before final performance assessments are disseminated to employees and/or used in other decisions.

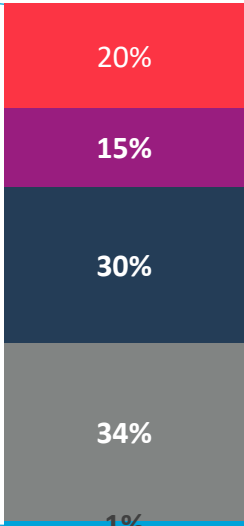
Common Other Names Used: Leadership team, management team, talent review team, and calibration process.

Organizations vary in their use of calibration committees, but organizations using calibration committees have done so for at least four years.

Use of Calibration Committees
(n=215)



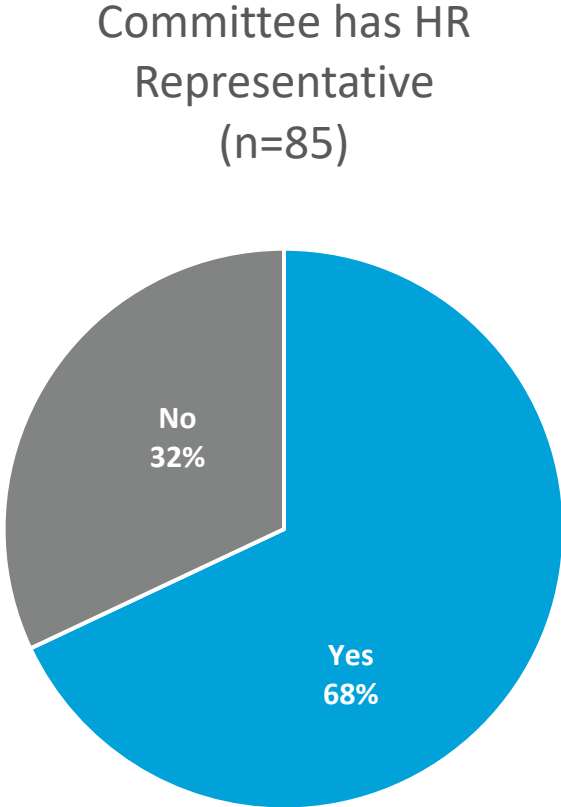
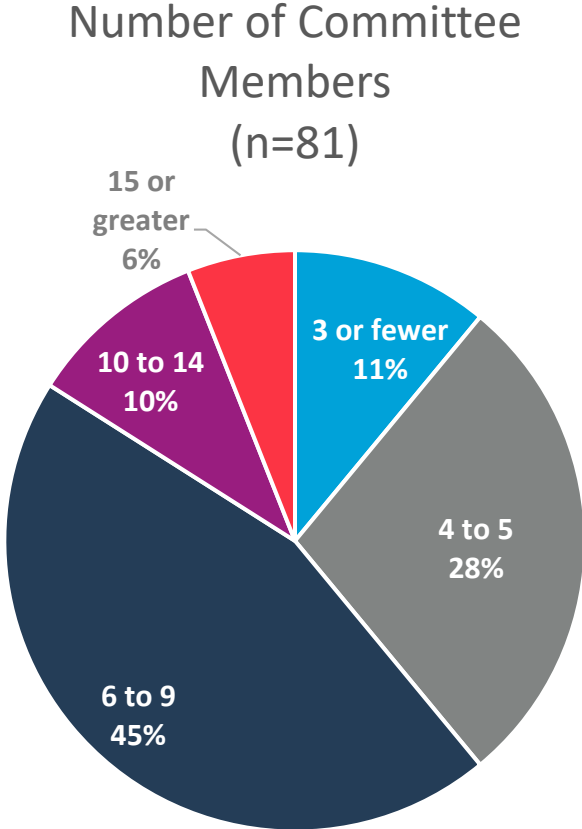
Length of Time Committee has been
in Place
(n=82)



- More than 9 years
- 7 to 9 years
- 4 to 6 years
- 1 to 3 years
- <1 year

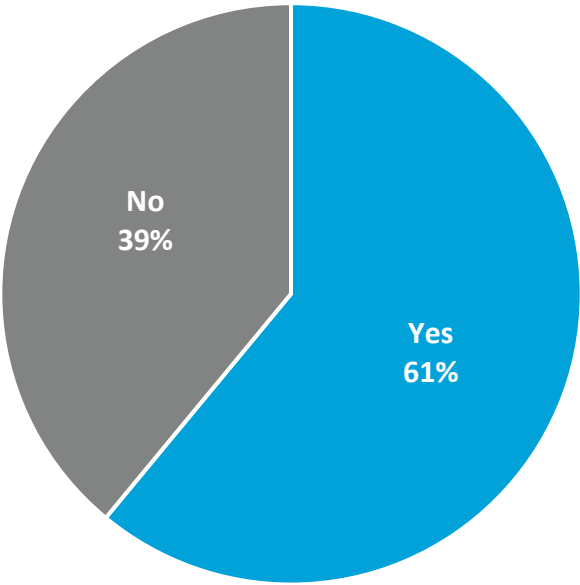
Characteristics of Calibration Committees

Most calibration committees have fewer than 10 members, one of which is typically an HR representative.

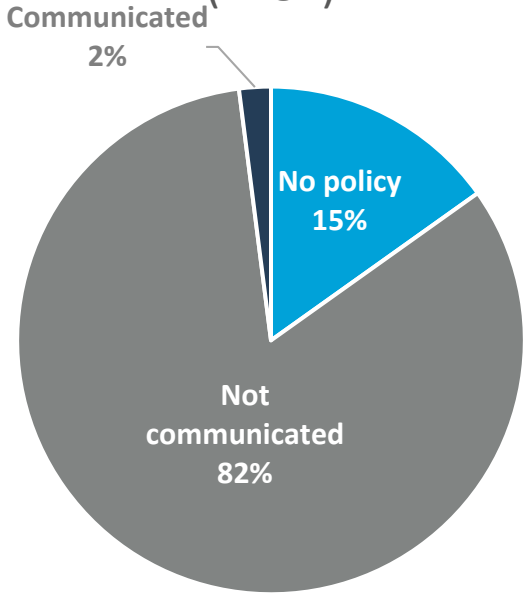


Most respondents indicate that calibration committee membership is public knowledge and that their company does not communicate initial (pre-calibration) ratings to employees.

Employees Know who Committee Members Are (n=83)



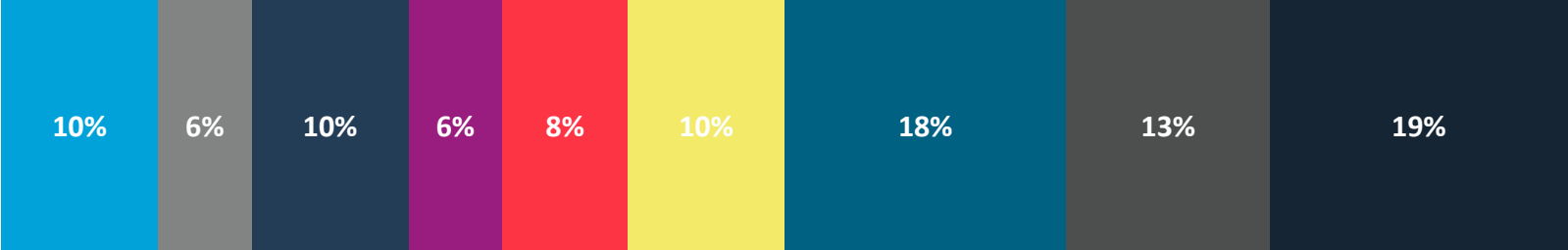
Policy Regarding Communication of Initial Ratings (n=84)



Half of calibration committees review/discuss 50+ employee assessments during each evaluation period.

Number of Assessments Reviewed by Calibration Committee
(n=79)

■ 1 to 5 ■ 6 to 9 ■ 10 to 14 ■ 15 to 19 ■ 20 to 29 ■ 30 to 49 ■ 50 to 99 ■ 100 to 249 ■ 250+



1 in 4 organizations using calibration committees never rotate calibration committee membership.

Extent of Compensation Committee Membership Change Over Time (n=85)

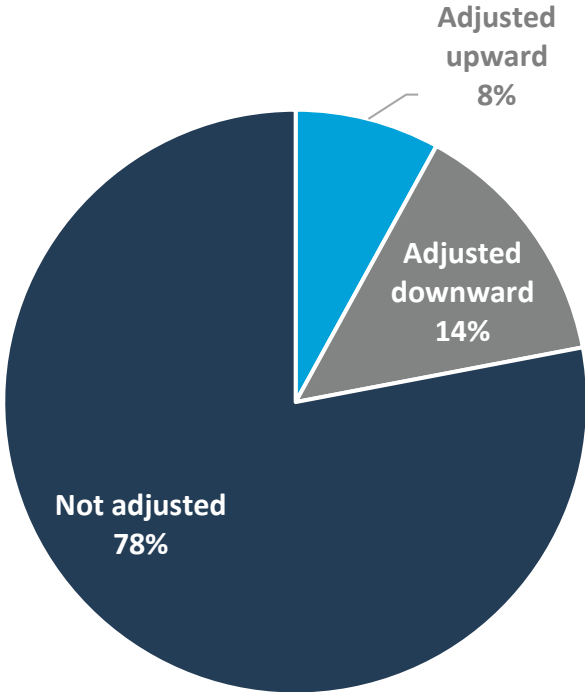
- Typically no rotation of members over time
- 2
- 3
- Some members exchanged
- 5
- 6
- Typically full rotation of members over time



What do Calibration Committees Do?

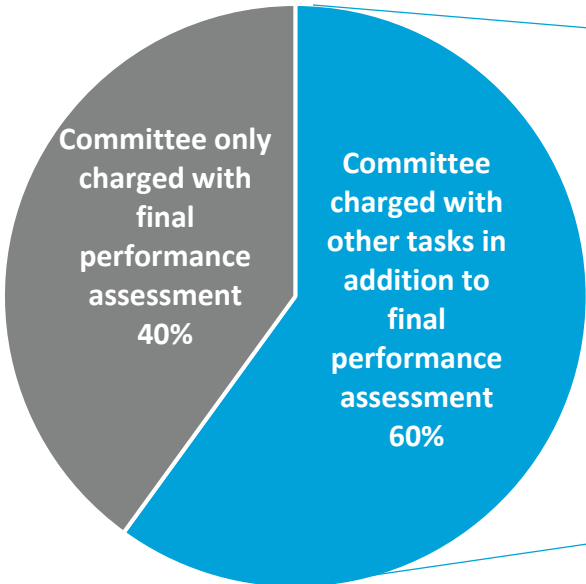
Most ratings are not adjusted during calibration, but downward adjustments are more frequent than upward adjustments.

Ratings Adjusted as a Result of the Calibration Process
(n=45)

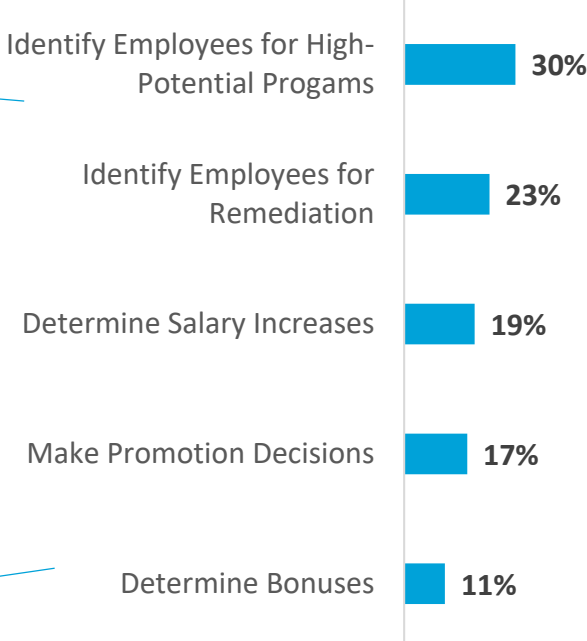


Most calibration committees have more responsibilities than only determining final performance ratings.

Tasks of Calibration Committee
(n=96)

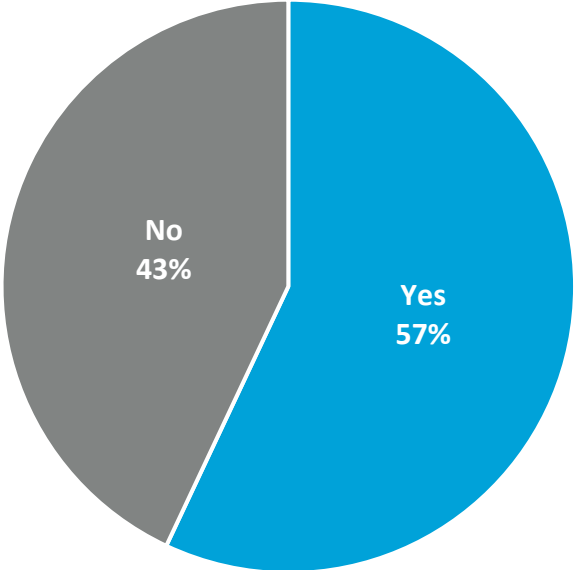


Additional Tasks for Calibration Committees
(n=96)



Calibration committees are often responsible for ensuring that final performance ratings conform to the company's desired ratings distribution.

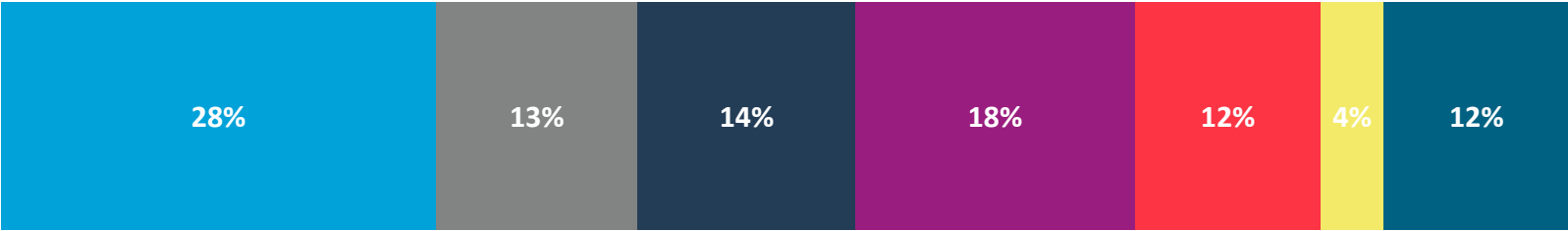
Calibration Committees Tasked with Achieving a Desired Distribution
(n=81)



There is substantial variation in the extent to which organizations aim for gender or ethnic diversity on their calibrations committees.

Extent of Commitment to Aim for Diversity in the Calibration Committee
(n=85)

■ Not at all ■ 2 ■ 3 ■ 4 ■ 5 ■ 6 ■ To a Large Extent



Effectiveness of Calibration Committees in Achieving their Objectives

Most organizations indicate that their calibration committees are generally effective at achieving their objectives.

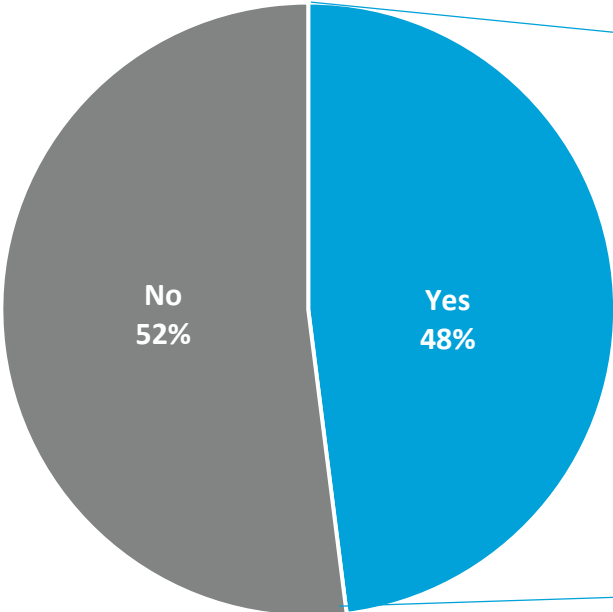
Objectives (n = 84)	Considered an objective by your company? (Yes)	Extent to which calibration committees are effective*
Increasing perceptions of fairness	100%	74%
Increasing consistency across supervisors	99%	82%
Mitigating bias	98%	78%
Increasing transparency	96%	68%
Providing information for compensation and personnel decisions	93%	80%
Providing timely and high-quality feedback	87%	50%
Providing information for talent management	86%	65%
Identifying promotion candidates	82%	72%
Providing information for appropriate job assignments	80%	48%
Creating employee buy-in for promotion decisions	76%	41%

Performance Evaluation Systems using Alternative Raters

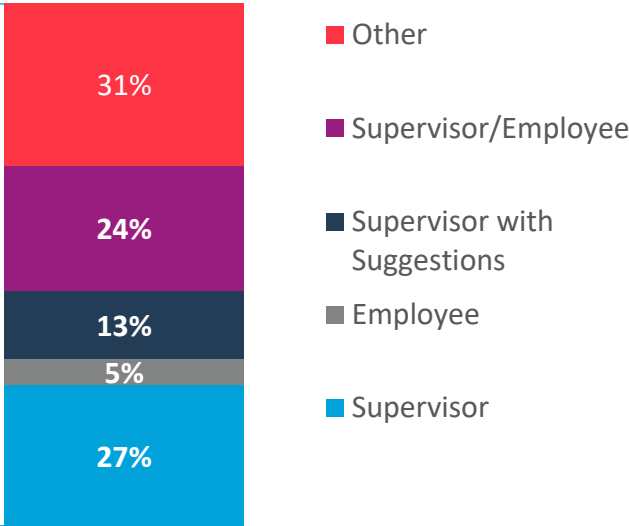
Alternative Raters: Individuals who provide formal feedback about an employee's performance other than the employee's direct supervisor. The feedback is formally collected and incorporated into the employee's performance rating and/or used in other decisions.

About half of organizations use alternative raters and alternative raters are generally not exclusively selected by supervisors.

Use of Alternative Raters
(n=192)

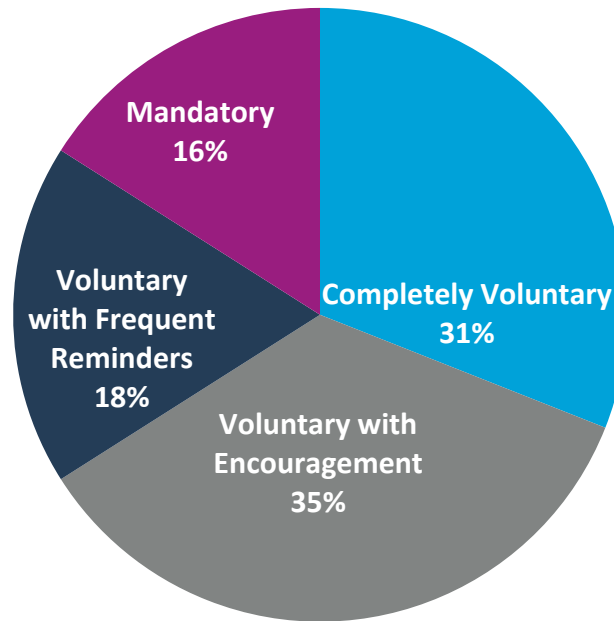


People who Select Alternative Raters
(n=84)



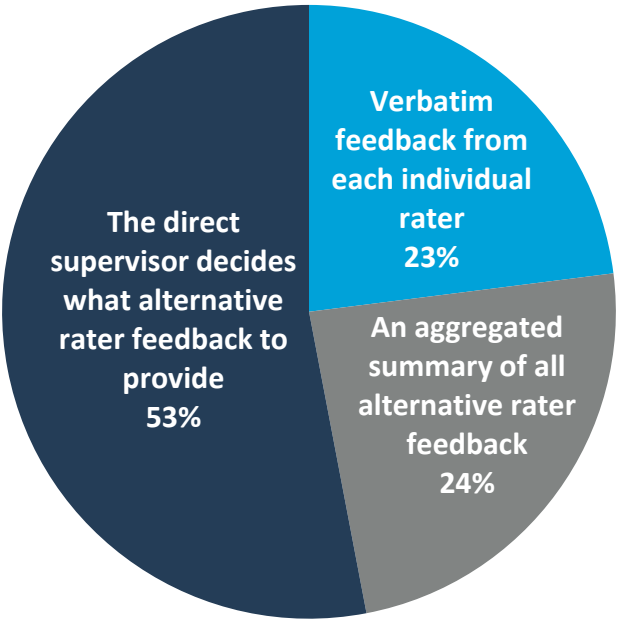
Most organizations do not require participation from alternative raters.

Participation of Alternative Raters
(n=88)



Employees typically receive feedback from alternative raters at the discretion of their direct supervisor.

Alternative Rater Feedback Received by Employees
(n=74)

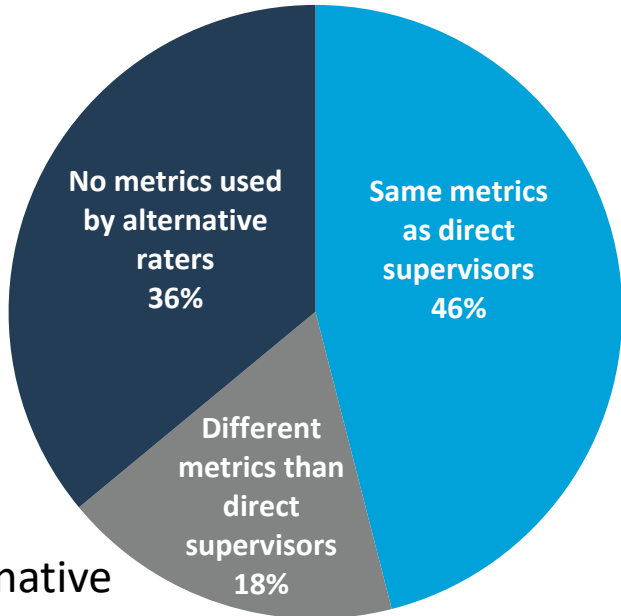


Employees often know the identities of their alternative raters and most alternative raters provide open-ended feedback.

Alternative Rater Identities
(n=80)



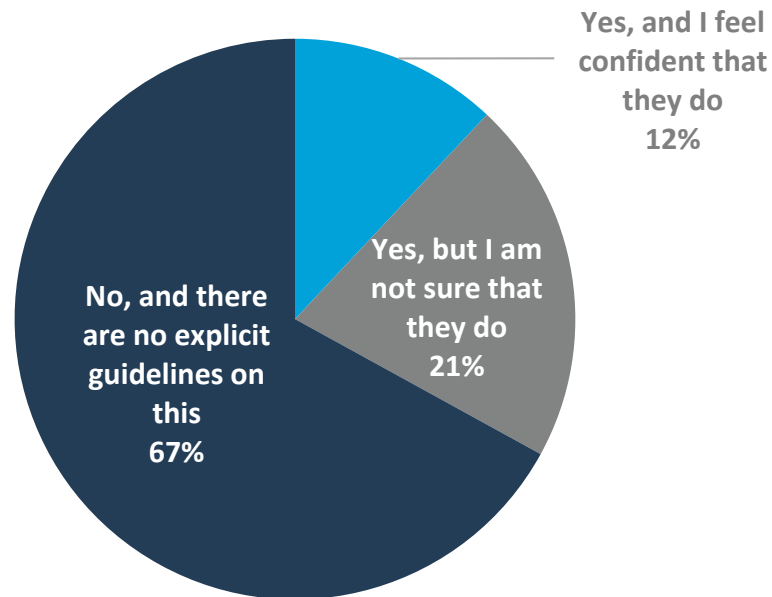
Metrics Used by Alternative Raters
(n=85)



91% say alternative raters provide open-ended performance feedback.

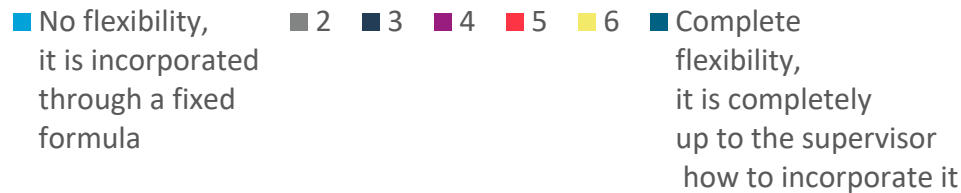
Supervisors typically are not required to form their own assessments before incorporating feedback from alternative raters.

Supervisors Provide Their Own Assessments Before Receiving Feedback from Alternative Raters
(n=86)



Most organizations provide supervisors with flexibility in the extent they incorporate alternative rater feedback.

Extent to Which Supervisors have Flexibility in How they Incorporate Alternative Rater Feedback in Performance Assessments
(n=85)



Effectiveness of Performance Evaluation Systems with Alternative Raters in Achieving their Objectives

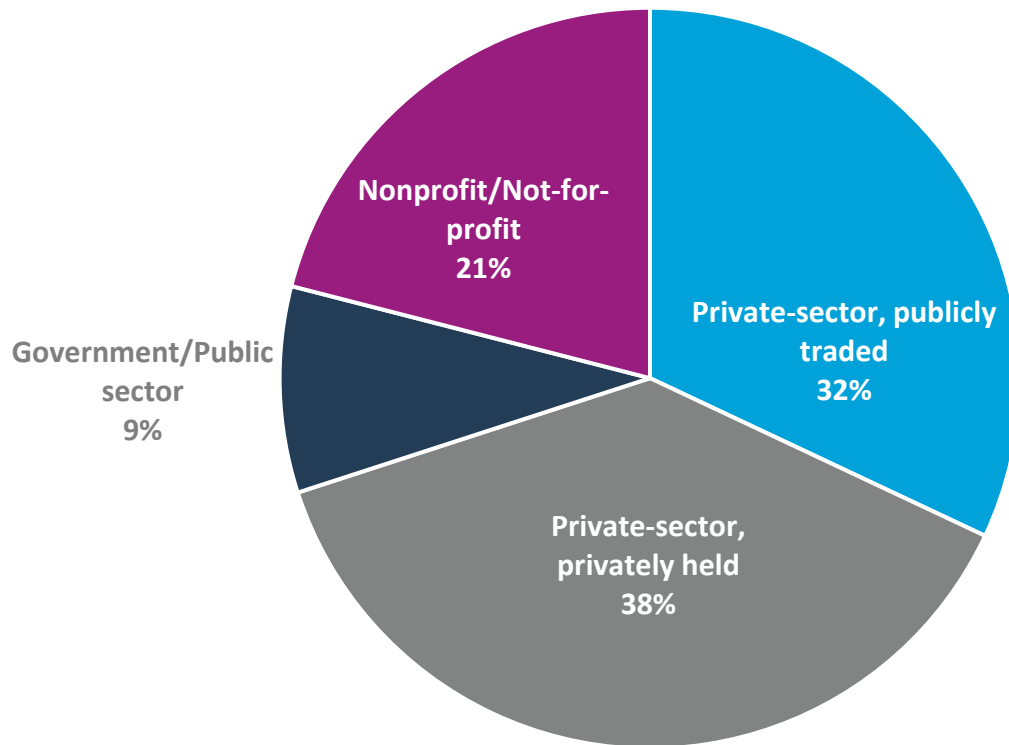
Most organizations indicate that the effectiveness of their use of alternative raters could be improved.

Objectives (n = 91)	Considered an objective by your company? (Yes)	Extent to which using <u>alternative raters</u> is effective*
Providing timely and high-quality feedback	90%	48%
Increasing transparency	89%	54%
Increasing perceptions of fairness	88%	55%
Mitigating bias	86%	57%
Increasing consistency across supervisors	85%	47%
Providing information for talent management	85%	43%
Providing information for compensation and personnel decisions	84%	51%
Identifying promotion candidates	80%	41%
Creating employee buy-in for promotion decisions	76%	32%
Providing information for appropriate job assignments	71%	29%

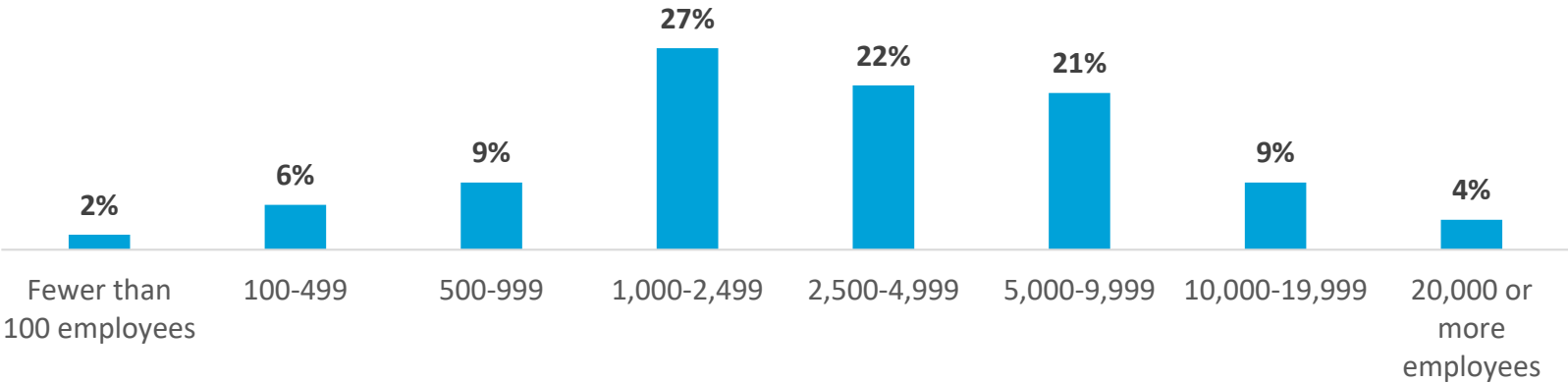
* For each objective, participants were asked to rate the effectiveness of using alternative raters in achieving the objective on a scale from 1 (not at all) to 7 (to a large extent). The percentages show answers that stated 5 and higher.

Demographics

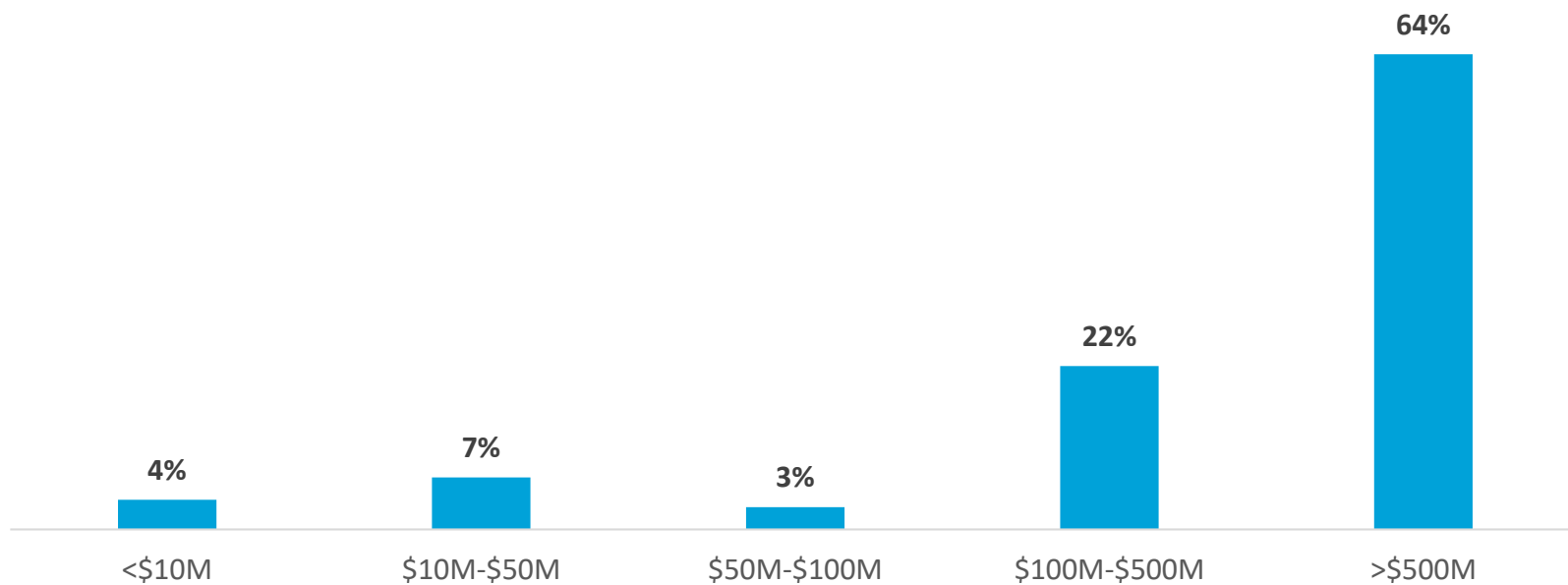
Sector (n=187)



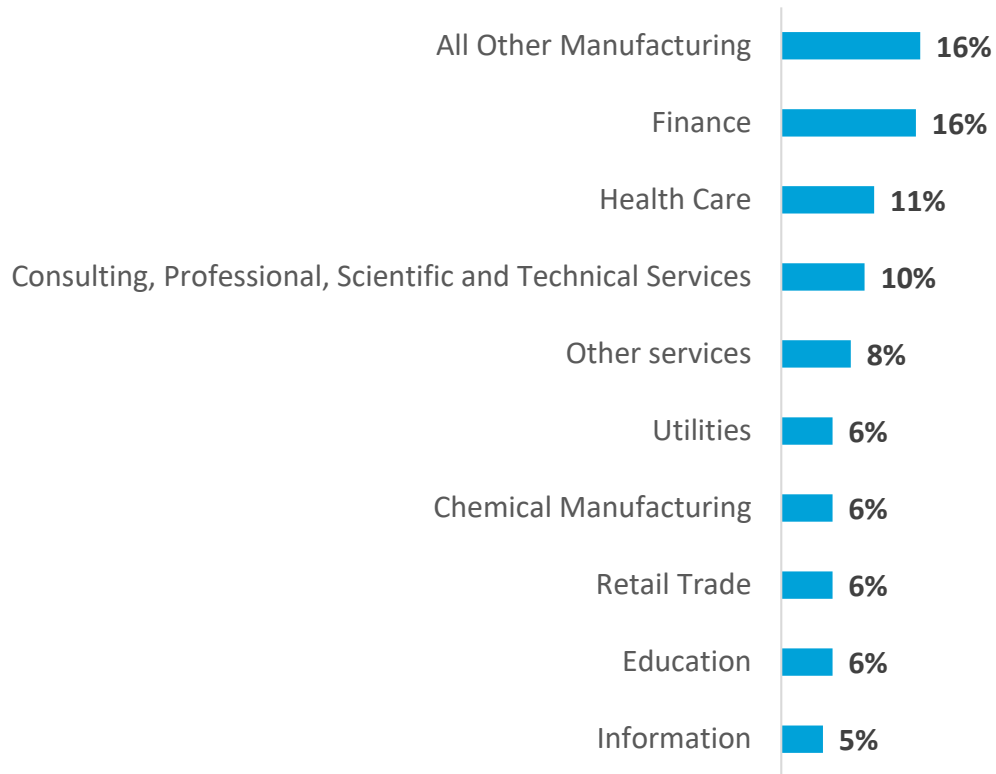
Organization Size (n=188)



Annual Revenue (n=177)



Industry (n=187)



Methodology

This report summarizes the results of a December 2018 survey of WorldatWork members. On Dec. 3, 2018, survey invitations were sent electronically to 5,886 WorldatWork members. The survey closed on Jan. 11, 2019, with 361 responses. The dataset was cleaned, resulting in 254 usable responses. Any duplicate records were removed.

The demographics of the survey sample and the respondents are similar to the WorldatWork membership as a whole. The typical WorldatWork member works at the managerial level or higher in the headquarters of a large company in North America. The frequencies or response distributions listed in the report show the number of times or percentage of times a value appears in a dataset. Due to rounding, frequencies of data responses provided in this survey may not total exactly 100%.

The full text of the questionnaire can be found [here](#). A list of participating organizations can be found [here](#). All scales are ranked, low to high from 1-7.

We asked participants to consider the performance evaluation process for their company's largest core group of mid-level employees who 1) are critical to the creation of the company's products and/or services, 2) share similar characteristics, and 3) are formally evaluated.

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