Implementing Agile Performance Management

Employee views of the early days

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Introduction
The end of year performance feedback meeting is enjoyed by few people. This traditional approach to performance management – an annual process of goal-setting, performance evaluation, and performance feedback – is viewed as “more broken than ever”. Organizations complain that it improves neither employee engagement nor business performance. The annual process is considered inflexible, slow and unable to meet constantly changing business needs. Dissatisfied organizations are looking for alternatives. In fact, some companies such as Adobe, Expedia, and REI have abandoned their traditional yearly performance reviews and moved to frequent informal check-ins.

Meanwhile, social technologies – online forums, wikis, social networking, file sharing, blogging, micro-blogging, etc. – have dramatically increased the speed and level of communication and collaboration in the workplace. Given the increasing use of these social technologies in the workplace, could they offer a ‘next generation’ performance management solution? The theoretical underpinning is certainly strong. The dynamic, transparent and flexible nature of social technologies enables employees to set their goals publicly and adjust them during the year as business needs and external circumstances change. Employees are also able to benefit from timely feedback from peers, managers, and even customers.

According to the goal-setting literature, public goals can increase employees’ goal commitment. Procedural justice theory suggests that transparent goal-setting and feedback processes and opportunities to change goals and provide feedback enhance employees’ perceptions of fairness. Furthermore, based on the feedback-seeking theory, frequent timely feedback from multi-sources can help to meet individuals’ desire for feedback.

Despite this strong theoretical context, the use of a more agile, social approach to performance management remains largely untested. What do employees think of this new approach? What aspects of the approach do they like and dislike? What factors should organizations consider when looking to adopt agile performance management? The IBM Smarter Workforce Institute (SWI) researched these questions in an organization that recently implemented a new agile performance management program in one of its business units. The findings, focusing on the early days of adoption, provide evidence-based guidance for organizations considering a move away from traditional performance management programs and looking for a more agile approach.
Executive summary
The SWI study reveals that employees are generally very open to the new agile approach to performance management. In the early days of implementation employees tend to respond positively to the flexibility, transparency and dynamism that the approach offers, although many remain ‘on the fence’ preferring to wait until they have more experience with the program before offering a judgment:

- Almost half of the respondents report they work more effectively in the new agile approach compared to the traditional approach and would recommend the new approach to others; about one-third are neutral
- Most employees are positive about flexible and transparent goal setting
- The vast majority of employees believe that receiving feedback from different sources such as peers, managers, and customers is valuable
- In general, employees believe frequent appreciation and coaching feedback help their professional growth and work performance
- There is a clear preference among employees for giving and receiving coaching feedback privately; preferences for public vs. private appreciation feedback vary
- Employees’ reactions and comments show opportunities for improvement such as providing more guidance about social goal-setting and how to give high-quality feedback

Note: Appreciation feedback refers to thanks, likes, and recognition for good work or help, and coaching feedback refers to the useful information that enables employees to learn, develop, and improve on the job.

Research Method
In 2014, a business unit of a large technology company implemented a new agile performance management program, using workplace social technology. Five months after implementation of the new performance management program, the IBM Smarter Workforce Institute conducted a survey of employees who had been using it. The purpose of the survey was to investigate employee opinions of the new approach, in particular their experiences of goal-setting and feedback within the new program. A total of 445 members of the organization responded, for a response rate of 34%. This white paper summarizes some key findings from that survey.

Characteristics of agile performance management
In traditional performance management, employees usually set up their goals at the beginning of the year, and managers evaluate employees’ performance and provide performance feedback at the end of the year. Compared to this structured, fixed-interval process, the new agile approach uses social technology to set transparent and flexible goals and provide regular, timely and multi-sourced feedback. Employees can see each other's goals and can ask for and give feedback on the goals on a workplace social media platform. They can also change their goals based on feedback from others at any time and adjust their goals based on changing business requirements.

The new agile performance management approach has the potential to provide more value to employees by supporting goals that align better with today's dynamic business environment. It also allows for frequent and real-time feedback to help employees improve their performance.
Early indicators of a better way

Despite being in the early days of the implementation, our study found that the majority of employees surveyed are positive (nearly half) or neutral (about one third) about the new approach (figure 1). Specifically, 45 percent of survey participants believe they work more effectively with the new agile approach compared to the traditional approach, and 48 percent would recommend the new approach to others.

This positivity may be explained by the dynamics between goal-setting and feedback that social technology enables. Published research indicates that feedback is more effective when it is accompanied by goal-setting and, in an agile performance management program goal-setting and feedback become interactive, thereby helping employees work more effectively.

About one third of respondents are neutral towards the new approach. This is not surprising as, at the time of our survey, many employees had yet to fully experience the new approach.

Employees welcome transparent and flexible goal-setting

Transparent and flexible goal-setting is one of the key aspects of the new agile approach and it is something employees appear to welcome (figure 2). Most employees (70 percent) agree that goal transparency helps in the alignment of their goals with others’ goals, and almost four in five respondents (79 percent) believe goal flexibility helps them set goals more relevant to business.

Furthermore, over half think goal flexibility improves their professional growth (59 percent) and work performance (54 percent). These results are consistent with procedural justice theory, which suggests that employees feel they have been treated more fairly if the decision making process is transparent and they have opportunities to have a voice in the process. The agile performance management approach offers employees transparent goal setting and opportunities to change goals as business circumstances change. This means employees are more likely to believe the system is fair and therefore they are more motivated to perform well and also advance their career.

Figure 1: Employees’ opinion about the overall approach
Note: Sample size=445

Figure 2: Employees’ opinions about the new goal-setting approach
Note: Sample size=445
Frequent feedback linked to professional growth and work performance

According to feedback seeking theory, individuals want performance feedback to reduce ambiguity or uncertainty about what goals to pursue, to understand what behaviors are required for success, and to appreciate how others view and evaluate their performance. Feedback given just once or twice a year in a traditional performance feedback system is unlikely to be sufficient to meet employees’ needs for feedback. In contrast, performance feedback in the new agile approach uses social technologies that provide opportunities for frequent real-time performance feedback. Such feedback enables employees to make timely adjustments to their behaviors to achieve higher levels of performance.

When asked about the amount of feedback they were receiving in the new approach, no employees complained they receive too much (figure 3). Rather respondents report more positive outcomes when they receive more frequent feedback. In our study, two types of feedback were considered:

1. **Appreciation feedback** refers to thanks, likes, and recognition for good work or help
2. **Coaching feedback** refers to the useful information that enables employees to learn, develop, and improve on the job.

Employees who receive frequent feedback (either appreciation feedback or coaching feedback) are more likely to report that feedback contributes to their work performance and professional growth than those who receive infrequent feedback (figures 4 and 5).

Specifically, 24 percent of respondents were identified as receiving frequent appreciation feedback. In that group, 69 percent say that appreciation feedback has contributed to their professional growth and/or their work performance (figure 4).

In contrast, 32 percent of respondents say they receive infrequent appreciation feedback. Of those respondents, less than one in five (18 percent) say that appreciation feedback has contributed to their professional growth and/or their work performance (figure 4).

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**Figure 3:** No one receives too much feedback

Note: Sample size=434

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**Figure 4:** Frequent appreciation feedback associated with positive outcomes

Note: Sample size=404
A similar trend is seen in the area of coaching feedback (figure 5). Around one in five respondents who receive infrequent coaching feedback see it as contributing to either professional growth and/or work performance (21 percent). Whereas employees who receive frequent coaching feedback (14 percent of our sample) are much more positive with around three quarters saying that coaching feedback has contributed to their professional growth and/or has improved their work performance (77 percent).

Clearly, more frequent feedback is associated with better outcomes. And, less than one fourth of respondents are receiving feedback frequently enough to fully realize the benefits.

**Real-time multi-sourced feedback viewed as helpful**

Agile performance management not only enables frequent feedback but also provides opportunities for real-time multi-sourced or 360 degree feedback (e.g. feedback from colleagues, subordinates, managers, and customers). Given that managers and professional employees can gain a more comprehensive view of their performance by receiving feedback from different sources, multi-sourced feedback has been used widely as a developmental tool for managers and professional employees. In our study, almost all respondents (92 percent) view multi-sourced feedback as valuable and helpful (figure 6).

There are two likely reasons for these findings. First, appreciation feedback helps to preserve and build the identity of individuals and gives their work meaning. Recognized employees tend to feel more useful and valuable in their work and thus work more effectively. Second, coaching feedback provides information about how to do things well and thus can help employees to learn and improve their performance.
Public/private preferences for feedback vary

Our study has established that employees appreciate both frequent and multi-sourced feedback. This then leads us to the question of how (publicly or privately) workers prefer to give and receive feedback. Our study found that public or private preferences depend on what type of feedback is being given and received, as well as individual inclinations.

When it comes to coaching feedback (information about how to improve) the vast majority of survey participants prefer to receive (82 percent) and provide it (83 percent) privately (figure 7). Providing coaching feedback publicly may potentially threaten an individual’s self-esteem17. This is likely to explain why most people prefer to give and receive coaching feedback privately.

When asked about appreciation feedback, preferences vary (figure 8). About a quarter (27 percent) of respondents prefer to receive appreciation feedback publicly, while more than one third (39 percent) prefer to receive appreciation feedback privately. One third (34 percent) have no preference. When it comes to giving appreciation feedback, more than one third of respondents prefer private (37 percent) and a similar number (39 percent) prefer public.

The wide range of preferences for receiving and giving appreciation feedback may be due to individual differences such as personality. For instance, introverted people are more likely to use the Internet to connect with others if it is anonymous18, but extroverted people are more likely to use social media that is public to interact with others19. It suggests that introverted people may not like public exposure and thus are more likely to prefer receiving and giving appreciation feedback privately. Previous research supports the concept of individual differences in preference for public vs. private feedback20.
Employee comments
This study included an opportunity for employees to add their own comments about what they like and dislike about the new, agile approach to performance management. We analyzed the open-ended comments using SPSS Text Analytics and found a number of common themes (table 1).

Not surprisingly, and as we have already established above, employees like the flexibility and transparency of goal-setting in the new agile approach and frequent timely feedback. They also like the fact that the new program helps to promote collaboration and teamwork and meets dynamic business needs.

The survey also asked employees what they dislike about the new approach and encouraged them to put forward suggestions for future improvements in the agile performance management program. The results of our analyses using Text Analytics are presented in table 2. The most common emerging themes suggest that in the early stages of implementation employees need good communication and training, including around how to set-up flexible goals and provide high-quality feedback.

Furthermore, consistent with our previous findings about feedback preferences, one in 10 (11 percent) comments highlighted concerns about giving and receiving coaching feedback in public. The results also suggest there are individual differences concerning the use of social technologies. For example, some people said they generally do not like to use social technologies to communicate with others.

<table>
<thead>
<tr>
<th>What do employees like?</th>
<th>Percentage of related comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexibility of goal-setting and overall approach</td>
<td>21%</td>
</tr>
<tr>
<td>Public goals and transparent approach</td>
<td>19%</td>
</tr>
<tr>
<td>Fostering collaboration and teamwork</td>
<td>14%</td>
</tr>
<tr>
<td>Real-time multi-sourced feedback</td>
<td>8%</td>
</tr>
<tr>
<td>Meeting dynamic business changes</td>
<td>5%</td>
</tr>
</tbody>
</table>

Table 1: Themes of what employees like about the new approach
Note: Sample size=332

<table>
<thead>
<tr>
<th>What do employees dislike?</th>
<th>Percentage of related comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not enough communication and training</td>
<td>20%</td>
</tr>
<tr>
<td>Public coaching/constructive feedback</td>
<td>11%</td>
</tr>
<tr>
<td>No time to use the goal and feedback tool</td>
<td>11%</td>
</tr>
<tr>
<td>Not easy to use the tool</td>
<td>11%</td>
</tr>
<tr>
<td>Public nature of the approach</td>
<td>10%</td>
</tr>
<tr>
<td>Use of social media</td>
<td>9%</td>
</tr>
</tbody>
</table>

Table 2: Themes of what employees dislike about the new approach
Note: Sample size=314
Implementing Agile Performance Management: Employee views of the early days

Practical implications
Employee reactions during the early days of the new agile performance approach are promising. Overall, the research findings support the design points of the program. Employees are particularly positive about flexible goal-setting, and clearly see the value in multi-sourced feedback.

The results of our study suggest four key areas of focus for organizations looking to implement a new agile approach to performance management:

• Provide clear and open communication and training about the new approach
Communication and training are among the top themes in the employees’ open-ended comments. It would be advisable for organizations to have robust plans in place, including messages from senior leaders, high-touch enablement of managers, and manager-led question and answer sessions. Organizations would also benefit from being open to employee feedback and questions during the implementation to make sure the program is working as designed. A brief survey could be an effective way to collect such employee feedback.

Since all employees will be involved in feedback giving and receiving, providing comprehensive training about giving high-quality feedback is particularly important. For instance, coaching feedback should go beyond simply giving feedback about what is right or wrong with one’s performance. It should also include expectations that others hold, examples of how to improve performance, and opportunities to learn and grow, all delivered in a non-threatening way.

• Choose public and private feedback channels carefully
Given our study findings of a clear preference for private coaching feedback, and mixed (public/private) preferences for appreciation feedback, organizations should consider creating different communication channels for different types of feedback. For instance, an organization could set up private channels for coaching feedback, and provide opportunities for managers and employees to express their preference for private or public appreciation feedback. Assessing employee feedback preferences can inform the right design.

• Ensure senior managers publicly support and actively use the new agile performance management system
The results of the open-ended comments suggest that it is important to have management, and in particular senior leaders, serve as role models by publicly supporting and using the system. This includes providing and responding to feedback and changing their goals based on changing business needs. It should also include receiving feedback from others such as subordinates and peers. Support and encouragement from management can help to cultivate a collaborative organizational culture that can in turn promote employees’ adoption of the new approach.

• Ensure technologies are easy to access and use
The study has clearly demonstrated the value of flexible and transparent goals and frequent feedback. To enable that value to be realized, organizations need a robust and user-friendly platform. With a carefully designed social technology platform, employees can easily and efficiently change their own goals, find others’ goals, give feedback, and track feedback from others. They can also quickly access guidelines of high-quality feedback and leaders’ goals.
Future research
This study has provided important insights into employees’ opinions of a new agile performance management approach in the early days of implementation. Future research by IBM’s Smarter Workforce Institute will explore the longer-term effects of this new approach to performance management.

For more information
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Contributor Acknowledgements

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References


