



Performance Management Practices in Ireland

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performance management software

Introduction

This Talentevo sponsored study was conducted between November and December of 2011 in conjunction with the Dublin City University LINK Research Centre. Data was collected using an online survey tool distributed by email invitation.

The survey was delivered to 1100 recipients with 211 responses. The target audience consisted of CEO's, senior managers and Human Resources (HR) managers in Ireland. See Appendix for more details of respondents' demographic details. The data collected from this survey is available only in aggregate form.

Key research findings

The objective of the survey was to understand current performance management practices, the range of performance management systems and processes used, and to determine the objectives and challenges facing companies in performance management.

- 87% of respondents indicated that they have a performance management process though only 40% indicated they had a 'performance management system'
- 50% use documents, spreadsheets or paper to deliver their process
- 82% of respondents ranked alignment between employee and company performance as their top priority and 73% of respondents ranked driving a high performance culture as a top priority
- Only 13% of respondents indicated they had a 'very effective' performance management process
- 50% of respondents hold performance discussions twice a year while 16% have discussions only once a year
- 40% of respondents describing themselves as functional managers spend 2 days or more reviewing each employee on an annual basis while 49% of HR managers and 51% of senior managers spend ½ a day or less focusing on individual employee performance each year.

Survey Findings

1. Performance Management software in Ireland

The opening questions in the survey focused on the current use of performance management processes in Ireland and the manner in which they are undertaken. 87% of respondents indicated that they have a 'performance management process' although only 40% indicated they had a 'performance management system'. 47% indicated that they use documents, spreadsheets or paper to deliver their process.

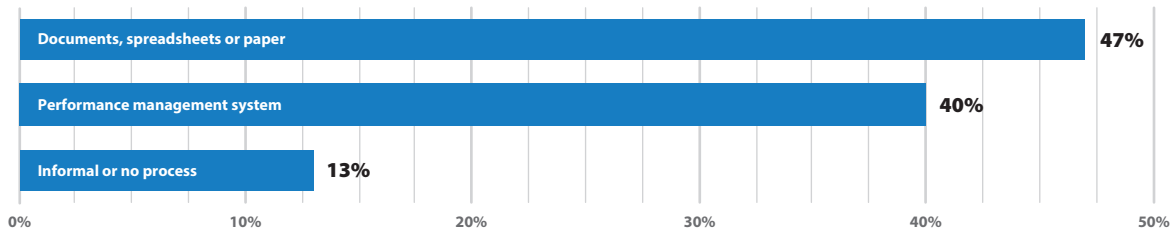


Figure 1. Performance management in Ireland 2011

2. Purpose of Performance Management

Respondents were asked to define their objectives for using performance management. 82% of respondents indicated 'alignment between employee and company performance' as their main objective while 73% indicated that 'driving a high performance culture' was their top priority. 57% of respondents indicated 'to engage employees'.

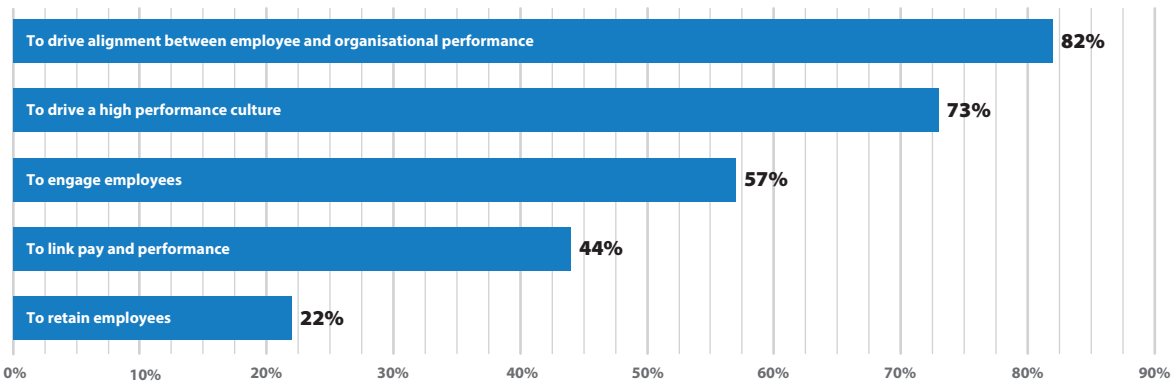


Figure 2. Main objectives of performance management process (More than one answer could be selected)

3. Effectiveness of the Performance Management process

Of the 13% of respondents who indicated they had a “very effective” process almost two thirds were using a performance management system.

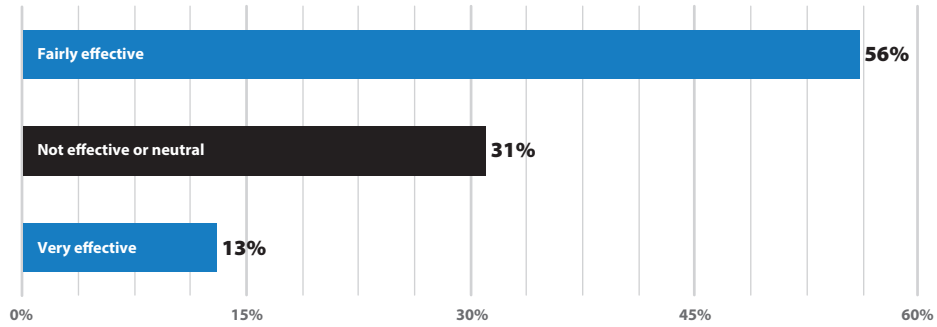


Figure 3a. Effectiveness of performance management process meeting company objectives

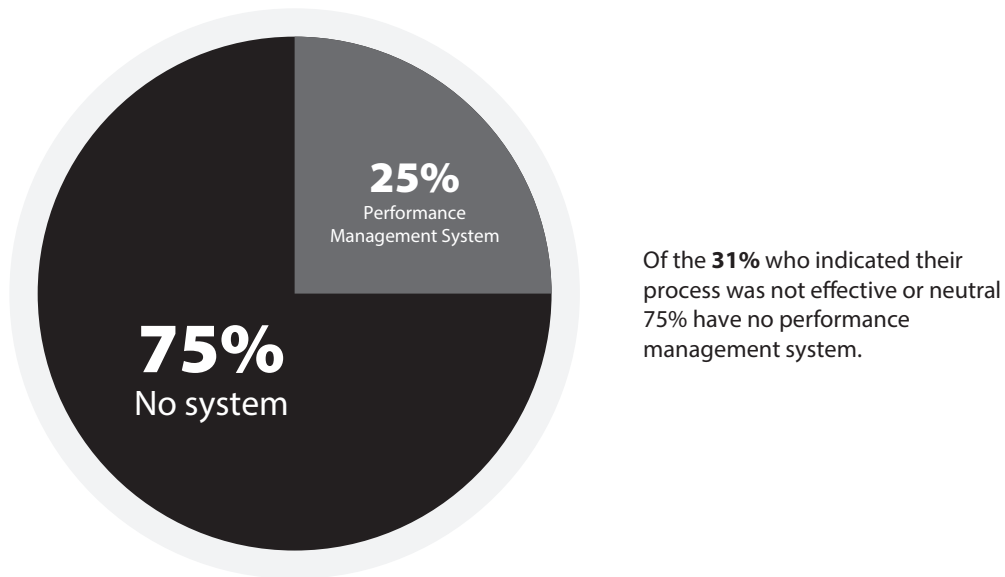


Figure 3b. Respondents whose performance management process was not effective or neutral

4. Frequency of Performance Management discussions

50% of respondents indicated that they hold performance discussions twice a year while 16% have such discussions only once a year. 25% of companies having quarterly discussions and 8% are having monthly discussions.

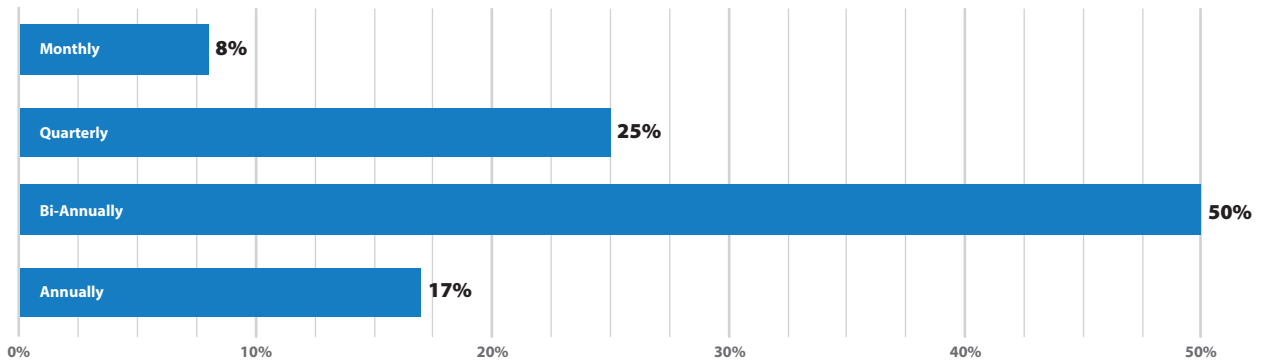


Figure 4a. Frequency of performance management review

When the effectiveness of performance reviews is analysed by their frequency of occurrence, a higher score was noted for reviews carried out monthly and quarterly.

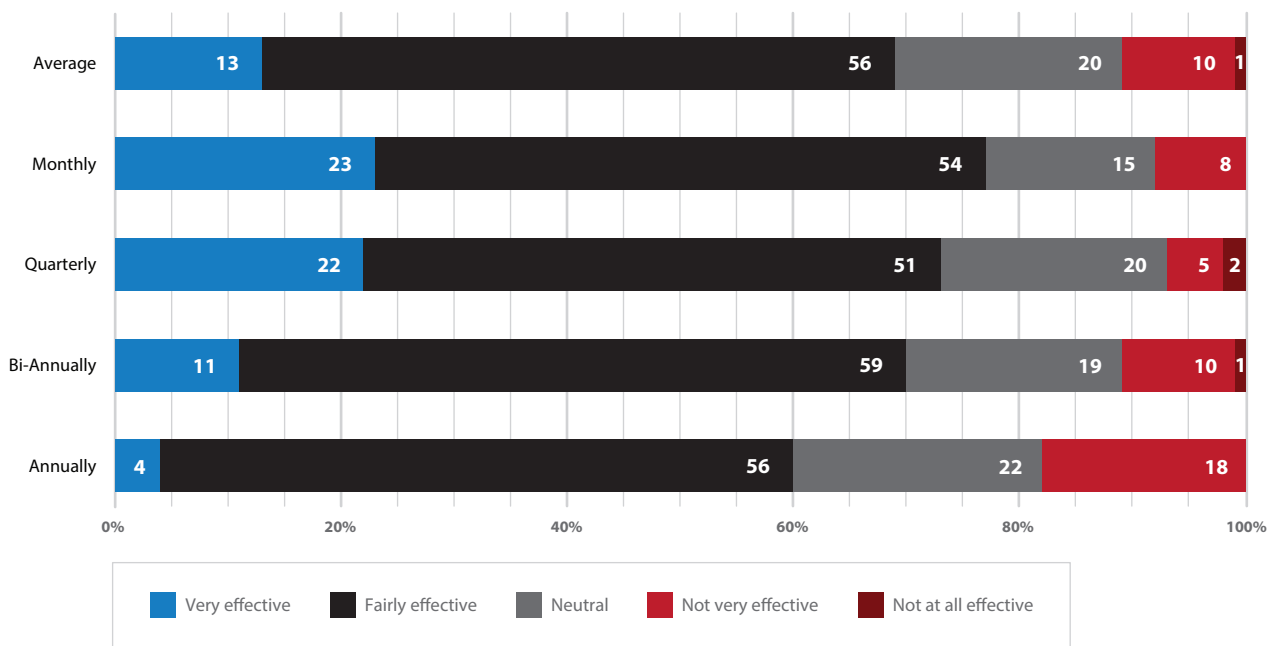


Figure 4b. Effectiveness analysed by frequency

5. Time dedicated to Performance Management

The study found that 33% of the respondents indicated that they spend more than 2 days reviewing each employee per year while 41% of the respondents indicated that they spend less than half a day per year.

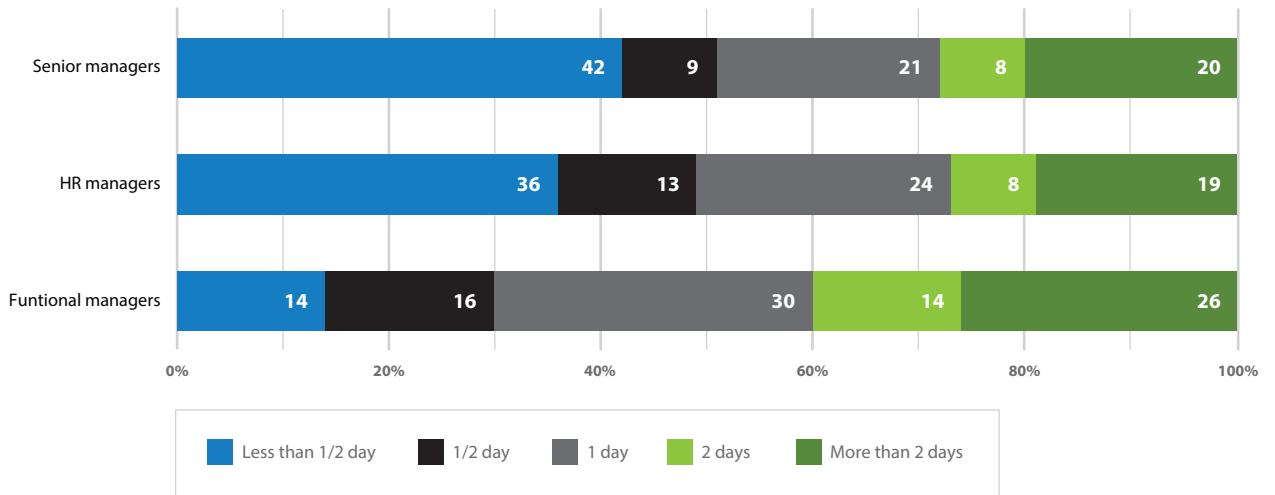


Figure 5. Time spent reviewing each employee

The study suggests that functional managers dedicate the most time to the performance management process with 40% of functional managers responding to the survey indicating that they spend 2 days or more reviewing each employee on an annual basis. The findings for HR managers and senior managers suggest that 49% and 51% respectively spend 1/2 a day or less on reviewing each employee per year.

6. The current challenges for Irish companies

Respondents were asked to rank a series of statements and indicate if they were challenged or not in the following areas:

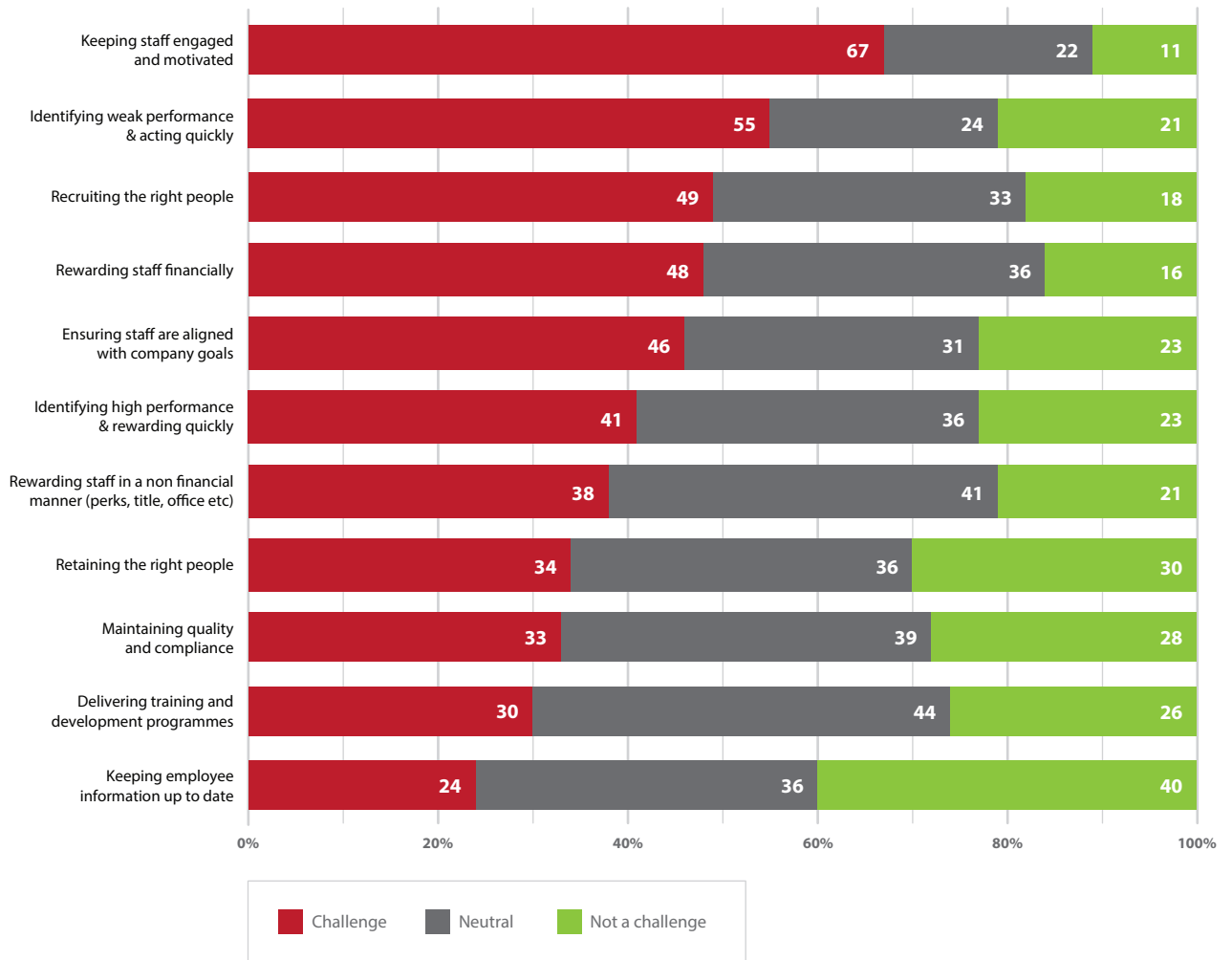


Figure 5. Time spent reviewing each employee

Employee engagement was listed as the top challenge for respondents at 67%. 55% of respondents indicated 'identifying weak performance and acting quickly' as a significant challenge. Respondents also indicated that 'recruiting the right people' and 'rewarding staff financially' were significant challenges at 49% and 48% respectively.

46% of respondents indicated that alignment of employees to company goals was a challenge. Use of performance management creates a process to enable common goal alignment across the workforce by cascading the goals through the business.

Talentevo commentary

The 2011 DCU LINK Research Centre survey provides a snapshot of performance management practices in Ireland. The survey indicates the majority of respondents use performance management but don't use a system. Half of all respondents surveyed use documents, spreadsheets or paper to deliver their performance management process.

The main purposes for performance management is to drive employee alignment with company goals, to create a high performance culture and engage with employees. Only 13% of respondents indicated they had a 'very effective' performance management process.

Half of all respondents hold performance discussions twice a year however we see significantly enhanced scores amongst those that carry out reviews monthly and quarterly. Interestingly there is little difference in perceived effectiveness between those carrying out monthly reviews and those carrying out quarterly reviews.

41% of all managers spend ½ a day or less per person per year reviewing employee performance while 40% of functional managers spend 2 days or more.

The biggest challenges facing Irish companies are keeping staff engaged and motivated, identifying weak performance and acting quickly, recruiting, rewarding and aligning people.

About Performance Management

Performance management processes need to be simple, effective and easy to use. They need to be accessible by both line managers and employees, and increasingly they need to reflect more modern working practices and social media influences. Performance management has become an important tool in the manager's armoury to ensure that people are doing their jobs.¹

Best practise would suggest that the performance management process should be owned by line managers rather than HR, so it's good to see functional managers demonstrating this by spending the most time conducting employee reviews. Our research shows the best line managers are those that use performance management as a tool to get the best out of their teams and deliver results for their companies. Those who see performance management as an add-on to their job tend to be less effective.

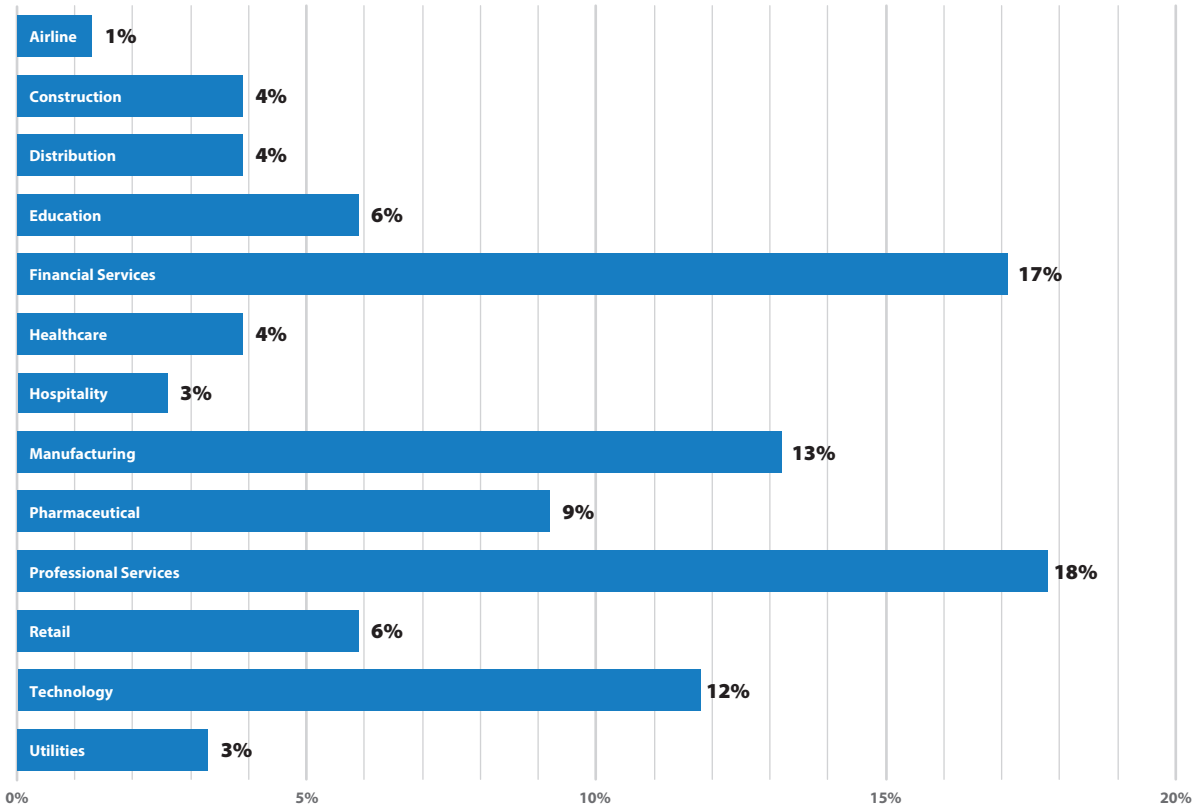
Performance management has acquired a central place in achieving strategic goals. According to the Chartered Institute of Personnel and Development (CIPD) progressive companies will continue to push performance management processes to ensure maximisation of employee engagement and commitment.¹

About Talentevo

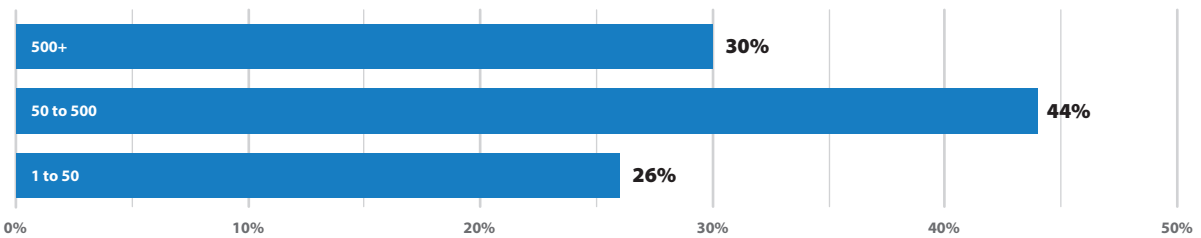
Talentevo is a simple, flexible and effective performance management solution that helps companies to get the best out of their people. Talentevo is a central hub for the entire performance management process. It brings all the required activities together into an organised, secure, easy to manage environment. With over 50 years combined senior management HR experience the Talentevo team have significant expertise in the area of performance management.

¹ Issued: January 2009 Reference: 4741 © Chartered Institute of Personnel and Development 2009

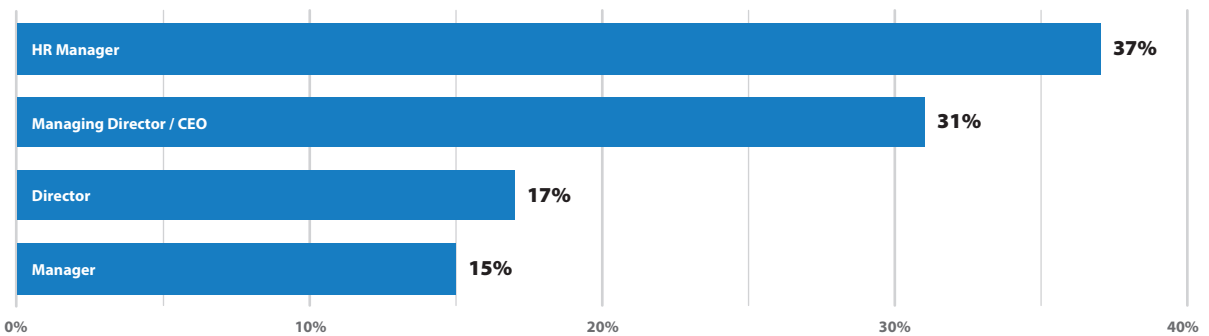
Appendix Survey demographics



Appendix graph 1. Industry or sector of organisation



Appendix graph 2. Size of organisation



Appendix graph 3. Role within organisation

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