How to Win the War for Talent Through Performance Management

by Karishma Sahai

Employees are rapidly quitting their jobs as they contemplate the value that work adds (or does not add) to their lives. HR leaders should reposition performance management at their organizations to deliver on employees' well-being needs, not just their performance needs, and make them feel valued.
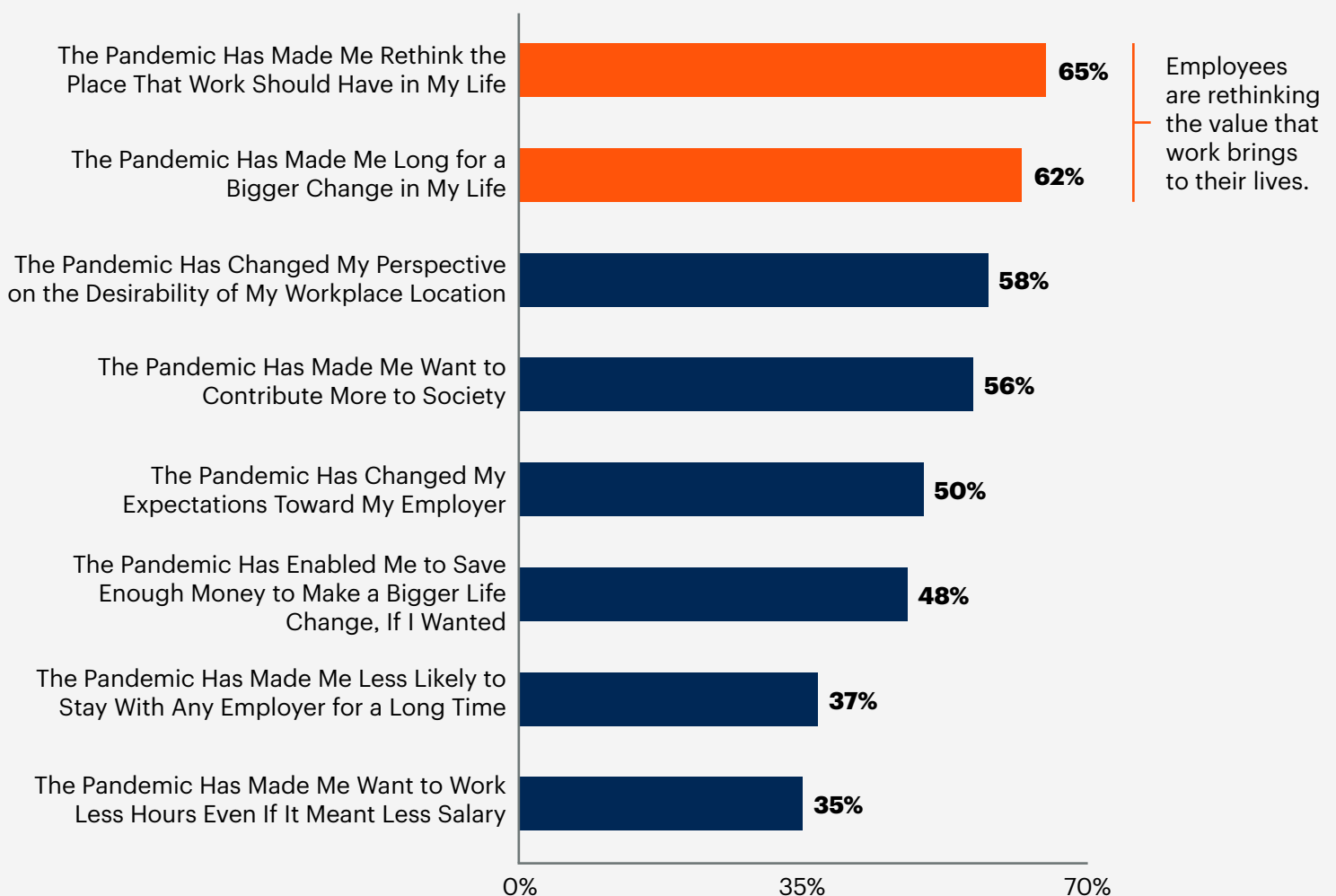
Organizations witnessed a rising wave of attrition in 2021, and as we enter the third year of the COVID-19 pandemic, the trend of high turnover is expected to continue. With inboxes full of farewell emails, 60% of HR leaders are significantly concerned about ongoing employee turnover, which could jeopardize their organizations' future success.[1]

The attrition drivers at play have a common denominator: the value the work provides.

The coronavirus pandemic provided employees with a mental checkpoint to reflect on the value their work brings to their lives and how their employers enhance (or don't enhance) that value (see Figure 1).[2]

These employee reflections go deeper than concerns about compensation and workload. Today, employees want their organizations to make them feel valued and cared for, especially by supporting their overall well-being.

Figure 1. Shifts in Employee Attitudes as a Result of the Pandemic
Percentage of Respondents

The Pandemic Has Made Me Rethink the Place That Work Should Have in My Life — 65%

The Pandemic Has Made Me Long for a Bigger Change in My Life — 62%

> Employees are rethinking the value that work brings to their lives.

The Pandemic Has Changed My Perspective on the Desirability of My Workplace Location — 58%

The Pandemic Has Made Me Want to Contribute More to Society — 56%

The Pandemic Has Changed My Expectations Toward My Employer — 50%

The Pandemic Has Enabled Me to Save Enough Money to Make a Bigger Life Change, If I Wanted — 48%

The Pandemic Has Made Me Less Likely to Stay With Any Employer for a Long Time — 37%

The Pandemic Has Made Me Want to Work Less Hours Even If It Meant Less Salary — 35%

n = 3,515 employees

Q: "Please indicate the extent to which you agree with the following statements."

Source: 2021 Gartner Hybrid and Return to Work Survey

Employee well-being has many elements: mental and emotional, physical, financial, career, family and community. It is imperative that organizations rethink their talent processes to focus on these elements and add value to employees' lives beyond work. Performance management processes can help meet employees' mental, career and family well-being needs, in particular (see Figure 2).

HR leaders should tailor their organizations' performance management processes to improve employee well-being and offer a "human value proposition" in order to attract and retain talent. The following key strategies can help.
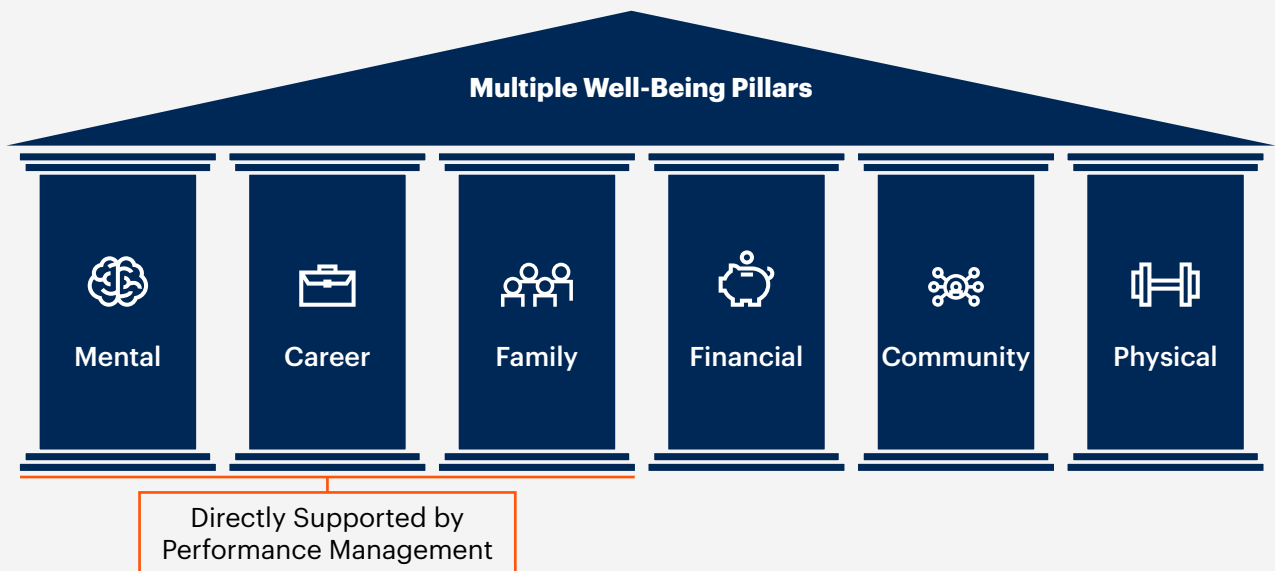
Help Employees Set Goals That Improve Their Mental Well-Being

"I want my organization to help me build a better life, not just a better work experience."

Forty percent of employees say their work-life balance has gotten worse since the onset of the pandemic.[3] In this context, employees are actively prioritizing their well-being to harmonize their professional and personal lives. In particular, employees have to come to realize that mental health burdens outweigh their commitments to their organizations, pushing them to leave a job if their well-being is threatened, no matter how good at it they are.

HR leaders should adjust goal-setting processes to help employees document well-being goals, not just work goals, and hold themselves accountable for achieving them. To do this, HR leaders should equip employees with self-assessment tools to help them understand their well-being states and, with this greater understanding, select the areas of well-being most important to them to create wellness goals. Mashreq, for example, provides employees with simple yet effective tools to help them report their level of success (on a 10-point scale) in several dimensions of well-being (physical, professional, financial, fun, community and family). Using this assessment, employees create customized wellness action plans and are accountable for achieving them.

Figure 2. Well-Being Needs That Performance Management Supports

Source: Gartner

HR leaders should also empower employees with organizationwide visibility to connect with peers who share the same well-being goals and resources for support in achieving them.

In addition, HR should ensure that goal setting is not just an annual activity but a tool managers and employees use throughout the year to prioritize work and, ultimately, meet business goals without negatively impacting employees' mental health. In fact, shuffling staff and goals throughout the year to meet new work priorities and employee needs bumps up the likelihood of sustaining workforce health by 27%.[3] When employees' goals hold little to no relevance to the work they do in a changing environment, the employee experience can be emotionally draining.

Consider updating the templates or guides for manager-employee check-in conversations to enable shorter-cycle planning, and share these guides with both managers and employees. Employees should be enabled to lead the conversations, focusing on their progress against their current goals, recent feedback they've received and where they need support, as well as whether and how their goals need to be updated.

Enable Managers to Use Feedback Conversations to Support Well-Being

"No one at my organization has asked me if I was doing okay — emotionally or physically."

Due to the increase in remote work, managers are checking in with their employees more frequently than ever, but they often fail to talk about issues that matter to employees outside of day-to-day work — such as career, family and mental health. Unfortunately, stigma still exists around discussing these well-being issues at work. However, without these conversations, employees feel less valued and cared for by their organizations and can often feel more burned out. Eighty-five percent of employees have experienced more burnout since the beginning of the pandemic.[3]

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HR leaders must educate managers about leveraging ongoing feedback conversations to not only exchange feedback on performance but also support employees' well-being. Here are the three types of well-being conversations managers should be having with their employees:

1 **Disruption-focused conversations —** The pace of disruption has accelerated in the past few years, and the changes (e.g., a sudden change in the company's financial performance, changes in family obligations) significantly impact how employees get work done. Therefore, it is critical for managers to have open and honest conversations about how employees are coping with those disruptions.

- Cisco provides managers with safe-to-fail learning environments to practice "courageous conversations" with improvisational actors in its Leader Learning Labs. Managers can build confidence in their ability to have vulnerable conversations with employees about relevant topics such as disrupted work-life boundaries, hybrid work uncertainty and anxiety about current events. Some questions to help managers understand employee context could be — for example, "What other responsibilities are making it harder for you to work?" and "What do you need right now to work at your best?"

2 **Mental well-being conversations —** Despite the toll employees acknowledge that mental health has on their ability to work, managers feel they lack the skills to have conversations about mental health issues.

- To prevent manager overreach or underinvolvement in employees' mental and emotional well-being, EarlyValue* coaches managers on what to say or do and, more importantly, on what not to say or do when offering well-being support. Additionally, EarlyValue* leverages "RUOK" (Are you okay?) conversation guides and tools that managers can use to address employees' mental well-being in a range of situations. The guides and tools teach leaders how to ask whether employees are okay, listen to employees with an open mind, and regularly check in and assess emotional health.

3 **Career conversations —** Employees' development and career are big parts of their well-being, but advancing both organizational and personal growth is difficult because employees feel that employers see growth as organization-bound.

- Career coaches at S&P Global facilitate aspiration-based, not just role-based, career conversations to diagnose an individual's authentic passions and interests. These conversations have given its employees a great sense of focus, guidance and organizational support in achieving personal career goals.

Integrate Employees' Personal Contexts Into Performance Assessments

"My manager doesn't understand the circumstances in which I work; my assessment is unfair."

Multifaceted and fast-paced disruptions have resulted in varying circumstances for employees, and no two employees achieve the same outcome in a similar context. For example, a remote worker could be getting work done despite significant personal disruptions such as elder care or homeschooling responsibilities. At the same time, an on-site worker could be facing major work disruptions such as uncoordinated teamwork or sudden staff changes.

Therefore, when evaluating employee performance, managers should gather and consider contextual information on how employees navigate disruptions that affect their well-being every day. Doing so is a powerful signal that organizations care about their employees as people, not just workers, and that work does not take precedence over employees' well-being.

HR leaders should enable managers to widen the scope of input sources used to assess employee performance. This input should focus on understanding employees' personal circumstances through continuous conversations and determining the extent to which the context has affected the employee's work and their ability to get it done.

Using the input, managers can distinguish two kinds of disruption that impact employee performance:

- **Work disruptions —** Disruptions to the business unit, team, project or workflow (e.g., change in responsibilities, loss of key team members)

- **Personal disruptions —** Disruptions to the individual employee's ability to work (e.g., new caregiving responsibilities, inadequate workspace)

Managers can then integrate the effect of this context on employees' performance into their performance reviews and evaluations (see Figure 3):

Figure 3. Disruption Differentiation Matrix

		Work Disruption – level of disruption to business unit, team, project or workflow		
		Minimal	**Moderate**	**Severe**
Personal Disruption – level of disruption to individual employee's ability to do work	**Minimal**	Evaluate as usual	Emphasize overall contribution to the organization and non-goal-based performance criteria (such as behaviors)	• Broaden criteria to assess what the employee actually does and how the employee added value outside of goals • Provide guidance on future goals and behaviors once stability resumes • Evaluate separately performance for periods before and after the disruption
	Moderate	• Evaluate using usual criteria • Recognize "above and beyond" efforts or behaviors in challenging personal circumstances	• Emphasize overall contribution to the organization and non-goal-based criteria • Recognize "above and beyond" contributions and behaviors in trying personal circumstances	• Broaden criteria to include what the employee actually does • Recognize ways that the employee added value outside of goals, taking into account personal circumstances • Provide guidance on future goals and behaviors once stability resumes • Evaluate separately performance before and after the disruption
	Severe	• Make maximum accommodation • Consider a partial-year review and rating only for the time the employee was able to work • Focus on future contributions and goals once stability resumes		

Source: Gartner

- For employees who have experienced **work disruption**, managers should emphasize their contributions to the team and enterprise success outside of the employees' goals. For example, a manager may choose to reward collaboration and support for another team's sales goals. For employees experiencing more severe work disruptions, managers may need to extend the evaluation criteria outside employees' job-specific goals to include the work they actually do.

- For employees who have experienced **personal disruption**, managers should use recognition programs to reward extraordinary efforts in the face of challenging personal circumstances. Critically, for employees who have suffered a personal disruption, managers should ensure they lead with empathy and employees are not penalized for lower performance.

Conclusion

The attrition crisis is a wake-up call for organizations to examine why employees intend to leave with or without competing job offers in hand. With dynamic market forces accelerating attrition, employees not feeling valued is a high organizational risk. This is an opportune moment for organizations to reorient performance management by reflecting on the following key questions:

- What value do our current performance management processes add to our employees' lives?

- How should our performance management process support employees' performance and their well-being?