

The Current State of Performance Management

Research Questions:

1. How have companies evolved their performance management systems in recent years?
 - a. Performance dimensions / criteria being measured
 - b. How performance is being measured (ratings vs. no ratings?)
2. What are the key drivers of the changes that companies have made to their performance management systems?
3. How are companies leveraging generative AI and other technologies in their performance management processes?
4. What other performance management trends or challenges are particularly salient today?

Resources:

Link	Title	Questions Answered
https://www.business.com/articles/the-future-of-performance-management/	Times Are Changing: The Future of Performance Management Trends	<ul style="list-style-type: none"> ● AI: self-learning & streamline process? Very vague ● Technology: Data driven with cloud base software & real-time tracking ● Changes in management process: <ul style="list-style-type: none"> ○ Removing ratings: “Forward-thinking companies favor well-structured objectives and regular feedback over outdated grading systems.” ○ Regular check-ins instead of annual review ○ Informal feedback ○ Short-term objectives
https://www.gallup.com/workplace/238064/re-engineering-performance-management.aspx?thank-you-report-form=1	Re-Engineering Performance management	<ul style="list-style-type: none"> ● Key Drivers to change: <ul style="list-style-type: none"> ○ Current performance management systems aren’t yielding the ROI they assumed. ○ Just one in five employees strongly agree that their company’s system motivates them. ○ The future of work is being shaped by extraordinary changes in technology, globalization and overwhelming information flow. Workers are asking for something different. They want a coach, not a boss. ● Metrics: needs to be Fair / Differentiated / Altruistic / Growth-oriented ● Core performance measurement domain

		<ul style="list-style-type: none"> ○ Individual achievement ○ Team collaboration ○ Customer value
https://www.businessinsider.com/microsoft-email-details-new-policies-cull-low-performers-2025-4	Internal Microsoft email to managers details new policies aimed at culling low performers	<ul style="list-style-type: none"> ● Tech companies have been getting tougher on employees. Performance-based job cuts become more of a regular occurrence.
https://www.performyard.com/articles/companies-with-best-performance-management-practices	7 Companies With The Best Practices for Performance Management	<ul style="list-style-type: none"> ● Why change: “You can bet that companies aren’t ditching the annual review for no reason. Each one realized that something wasn’t working, they made a plan to fix it, and they have seen positive impacts on their business after the change.” ● Processes changed: <ul style="list-style-type: none"> ● Frequent check-ins and feedback ● Clear expectations instead of bell curve ● 360 feedback for transparency ● Focus on the future instead of the past
https://www.sage.com/en-ca/blog/3-ways-performance-management-has-changed/	3 ways performance management has changed	<ul style="list-style-type: none"> ● Why change? <ul style="list-style-type: none"> ○ Employee has no idea if they are doing well or not ○ Annual feedback doesn’t allow promptly fix mistakes ○ Measures focus on the past ● New processes <ul style="list-style-type: none"> ○ Shorter feedback cycle ○ Performance development than evaluation ○ Co-creation of goals
https://www.linkedin.com/pulse/modernizing-performance-management-systems-key-trends-and-tips-jt1qe/	Modernizing Performance Management Systems: Key Trends and Tips	<ul style="list-style-type: none"> ● Drivers for change: Factors such as technological advancements, changing workforce demographics, and the shift towards remote and hybrid work models are driving organizations to rethink how they manage and measure employee performance. <ul style="list-style-type: none"> ○ Tech <ul style="list-style-type: none"> ■ Real-time feedback tool ■ Analytics and AI ○ Workforce <ul style="list-style-type: none"> ■ Millennials and Gen Z ■ Diverse workforce ○ Hybrid <ul style="list-style-type: none"> ■ Flexibility needs ■ New metrics (focusing more on outcomes than presence)

		<ul style="list-style-type: none"> ● New direction <ul style="list-style-type: none"> ○ Continuous feedback ○ Data-driven decision making ○ Goal alignment ○ Employee development
https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/in-the-spotlight-performance-management-that-puts-people-first	In the spotlight: Performance management that puts people first	<ul style="list-style-type: none"> ● To get things right: <ul style="list-style-type: none"> ○ Agile performance management systems ○ Provide regular feedback ○ Establish an effective fact base: 360 review instead of only downward evaluation ○ Maintain rating and differentiation <ul style="list-style-type: none"> ■ Stronger link between rating and outcome ■ Shift from forced distribution to distribution guidance ○ AI <ul style="list-style-type: none"> ■ Help setting goals & draft performance reviews ■ Aggregate and synthesize input
https://www.innovativehumancapital.com/article/the-performance-management-revolution-moving-away-from-traditional-appraisals	The Performance Management Revolution: Moving Away from Traditional Appraisals	<ul style="list-style-type: none"> ● Hybrid approach: combination of traditional appraisals with development-focused conversations <ul style="list-style-type: none"> ○ Ratings on multiple dimensions with regular development feedback
https://www.profit.co/blog/performance-management/the-future-of-performance-management/	The future of Performance Management	<ul style="list-style-type: none"> ● Key Trends <ul style="list-style-type: none"> ○ Constant feedback & coaching ○ Objectives can change quite rapidly ○ More objective data for real-time analyses ○ Reflective evaluations to frequent fact-based performance and development discussions
https://www.techfunnel.com/hr-tech/performance-management-system/	Performance Management System – A Complete Guide	<ul style="list-style-type: none"> ● Statistics about performance management: <ul style="list-style-type: none"> ○ 80% of the youthful generation wants instant gratification rather than a formal review ○ 90% of performance reviews are emotionally and mentally distressing ○ Only 5% of HR leadership find performance reviews satisfactory ○ 51% of employees are of the opinion that annual reviews are grossly inaccurate

https://www.betterworks.com/magazine/performance-management-strategy/	Crafting a Winning Performance Management Strategy: Best Practices and Insights	<ul style="list-style-type: none"> ● 4 key elements <ul style="list-style-type: none"> ○ Clear goals & objectives ○ Continuous feedback & development ○ Employer recognition and rewards ○ Reviews and assessments
https://hr.mcleanco.com/research/ss/rediscover-performance-management	Redefine Performance Management	<ul style="list-style-type: none"> ● Current challenges in PM <ul style="list-style-type: none"> ○ Fail to adequately recognize the human experiences that make PM effective – psychological safety, trust, and ongoing coaching and feedback ○ organizations regularly changing and adding PM processes and practices without a defined plan or purpose
https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2025/employee-performance-management-optimization-effective-strategy.html#performance-management	Reinventing performance management processes won't unlock human performance. Here's what will.	<ul style="list-style-type: none"> ● Reality - why fail <ul style="list-style-type: none"> ○ Only a third of executives (32%) said their approach enabled timely, high-quality talent decisions about high and low performers. ○ Time-consuming and inefficient ○ Managers don't always provide clear, useful feedback tied to organizational goals. ○ Individual worker outcomes are difficult to measure. ● How to address <ul style="list-style-type: none"> ○ Clearly define the purpose and scope of performance management. ○ Design to build trust and fairness. ○ Simplify the process and model it from the top. ● Engineering day-to-day human performance <ul style="list-style-type: none"> ○ Create a human performance culture and org design. ○ Improve manager and people connections. ○ Redesign workforce practices for human and business outcomes. ○ Use technology and data to support how work gets done.
https://www.larksuite.com/en_us/blog/performance-management-system#7	Performance Management System (PMS): Definition, Benefits, and Best Practices	<ul style="list-style-type: none"> ● Emerging trends in PM <ul style="list-style-type: none"> ○ AI & automation: predictive analytics, real-time feedback, and automated evaluations ○ Cloud-based, real-time solutions: software lets employees and managers track and update performance from anywhere ○ Focus on employee well-being ○ Agile performance management: Agile systems emphasize frequent feedback,

		goal-setting flexibility, and adaptability to changing business needs.
https://www.thriveparrow.com/blog/performance-management-statistics	Performance Management Statistics: What 2025 Holds for HR Leaders	<ul style="list-style-type: none">● Key Trends in 2025<ul style="list-style-type: none">○ Shift from annual reviews to continuous feedback○ Adoption of AI and automation<ul style="list-style-type: none">■ Personalized learning paths & streamlined evaluation○ Increase focus on employee engagement and development