



5 Performance Management Trends to Build a High-Performance Culture In 2022

Data-Driven Insights to Propel Business Outcomes Through Performance Management



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The evidence is clear: Agile Performance Management is the successor to Traditional Performance Management. It is designed for the new world of work which is volatile, dynamic, complex, and requires increased collaboration. Customers' needs have changed in past years, and so have business models.

The differences between traditional and agile performance lie in origin, structure, methodology and practices.

Traditional performance management stems from Fredrick Taylor's 20th-century talent management philosophy. It prioritises efficient output on production lines and is characterised by top-down hierarchies, silos, and static performance management processes.

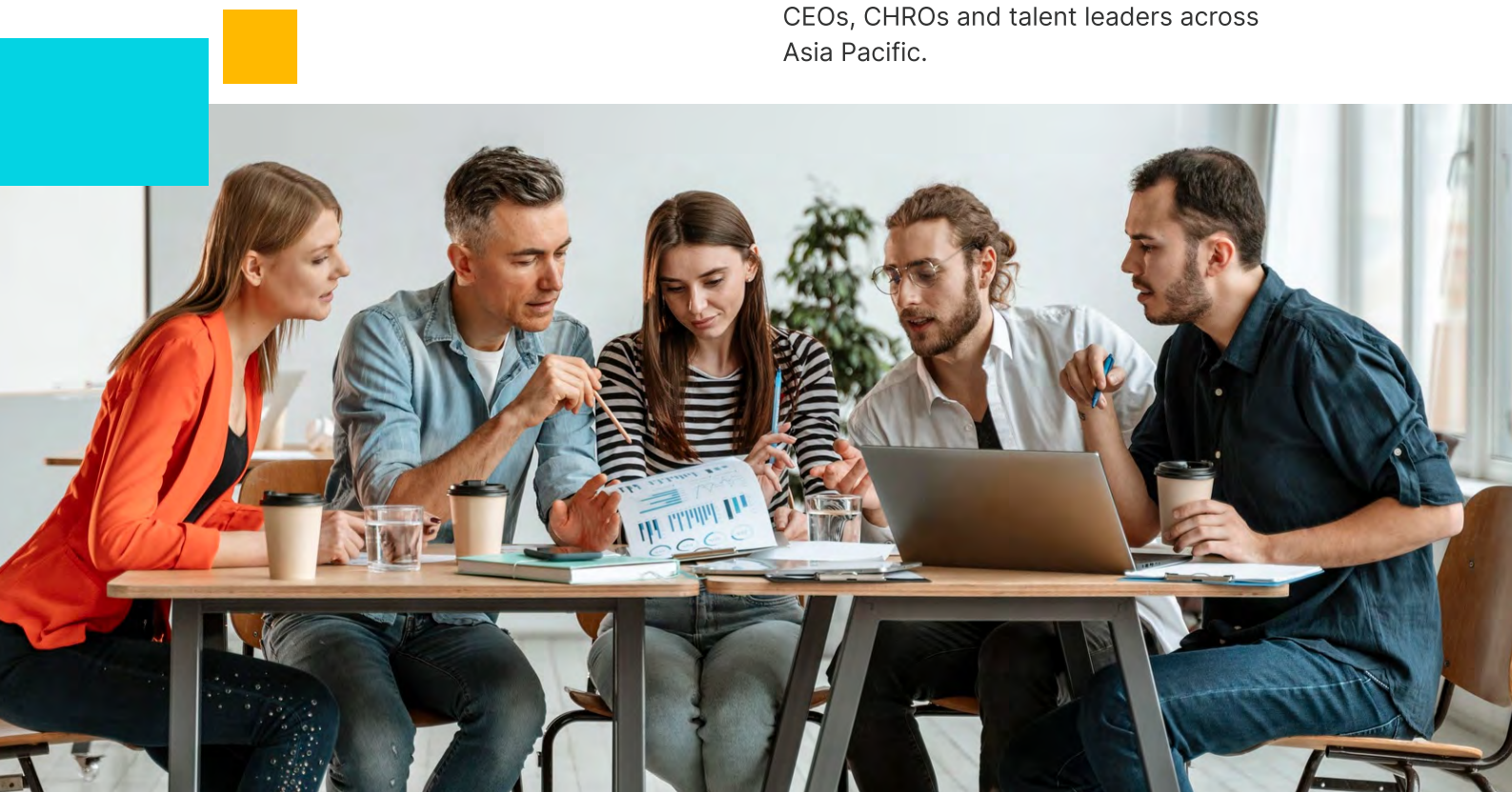
Agile Performance Management is a response to the modern dynamic marketplace that demands adaptability and alignment. Using frequent appraisals, check-ins and 360° feedback, it promotes efficiency by enabling flexibility, autonomy and ownership, all attributes desired in today's world.

Why Agile Performance Management?

30% higher returns: According to research^{1,2}, companies who manage goals quarterly generate 30% higher returns from that process than companies who manage them annually.

2 x more likely to outgrow competitors: Companies who prioritise collaboration are twice as likely to outgrow competitors according to a Deloitte report³

Every year, PeopleStrong conducts an annual study on performance trends that uncovers hidden insights, analyses the changes in performance management processes & technology, and attempts to look into the future and forecast upcoming trends. The first edition, 'Performance in the New World of Work' highlighted key challenges, trends, and insights on building an employee-centric performance model as organisations recovered from the pandemic and adapted to the remote workplace culture. The report brought together views from CEOs, CHROs and talent leaders across Asia Pacific.



(1) <https://www.forbes.com/sites/joshbersin/2014/10/15/the-top-ten-disruptions-in-hr>

(2) PeopleStrong Internal Research

(3) <https://www2.deloitte.com/au/en/pages/economics/articles/collaborative-economy-unlocking-power-of-workplace-crowd.html>

In the second edition, the report covers an in-depth industry analysis on how performance management tracking and processes are becoming agile, and an underlying mindset shift that's emerging because of continuous changes and focus on outcomes.

The trends reported below have come to the fore based on an analysis of over 150,000 users at over 500 enterprises across the Asia Pacific. We hope that these insights will equip you and your organisation to steer your efforts in the right direction.

Traditional	Agile
Designed for hierarchical environment	Designed for collaborative environment
Appraisals seen as the end goal	Emphasis is on achievement of goals
Feedback in the form of appraisal conversations	Regular check-ins and continuous feedback
Lack of recognition	Social recognition
Goals set once at the beginning of the year which may/may not align to business priorities	Goals are tightly coupled with business objectives
Training courses for development	More use of coaching and personalised learning paths
Input for performance evaluation is often unilateral	Multiple sources of input for performance evaluation



5 Performance Management Trends Of 2022

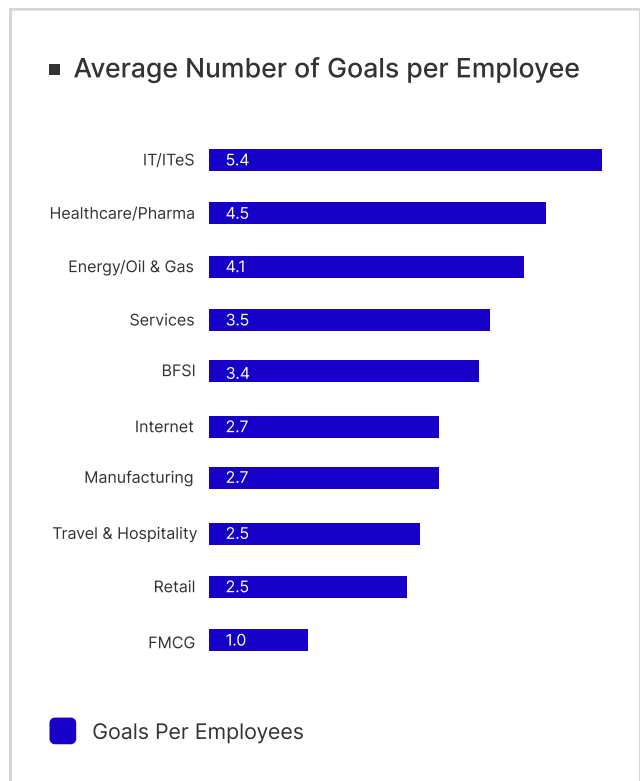
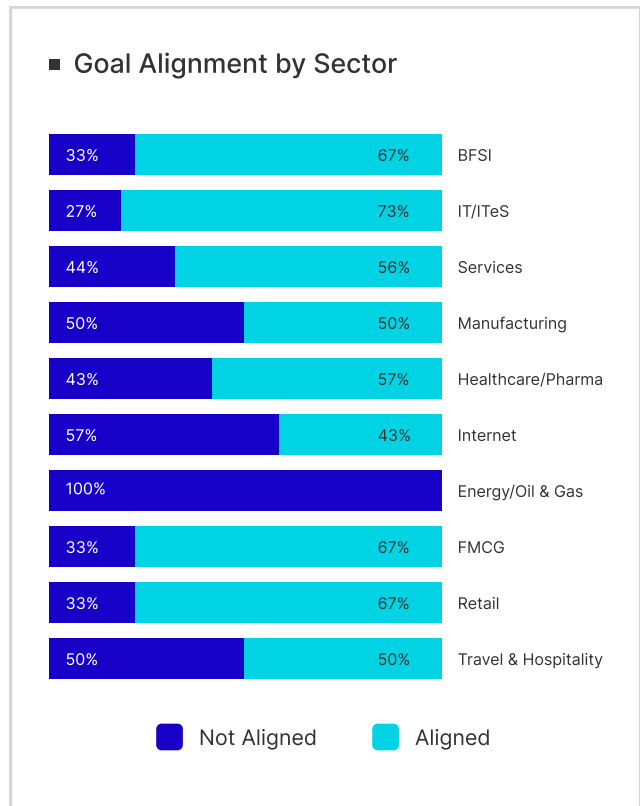
1

Linking Individual Objectives with Business Priorities

Transparently linking employees' goals to CEO's priorities solves two key purposes: It aligns everyone to one common north star and provides a clear direction for action; it gives employees a sense of meaning and purpose in their work. In the virtual work environment, leaders are putting in a conscious effort to ensure transparency about organisational goals.

The data from the study indicates that **57%** of organisations are already displaying such congruence in goal alignment. As a result, objectivity in goals also increases up to **93%** when goals are aligned with business priorities.

The average number of goals created by an employee during a performance cycle is 3.6 across industries. IT/ITeS, Healthcare/Pharma and Energy/Oil & Gas sectors have the highest number of goals created per employee but in terms of alignment IT/ITeS sector tops the charts.



2

Building Accountability at Scale

In a survey conducted in 2020, **61%** of the managers said they don't have a clear visibility in how their team members are performing. 1 in 2 organisations felt their employees focus on efforts but not on outcomes, thus lacking improvement.

Today, organisations are rapidly shifting to setting defined quantitative goals to measure output and bring visibility to efforts.

Our data analysis validates this trend with **75%** of the organisations already setting quantitative KPIs, whether it is in terms of a specific number or a binary yes/no format.

75% Quantitative KPIs

53% Quantitative with numbers

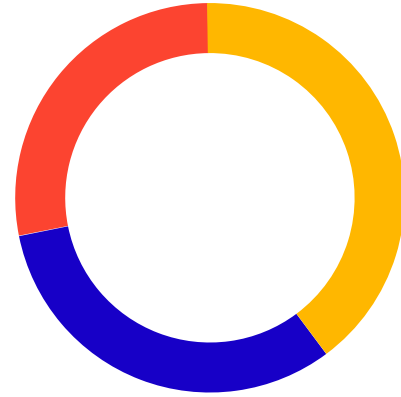
22% Quantitative with Yes/No

24% Qualitative with KPIs

Additionally, organisations are adopting goal setting frameworks that allow qualitative as well as quantitative performance evaluations such as OKRs. As per our primary research, **32%** of the companies are already following the OKR method with **40%** still preferring the MBO goal setting framework.

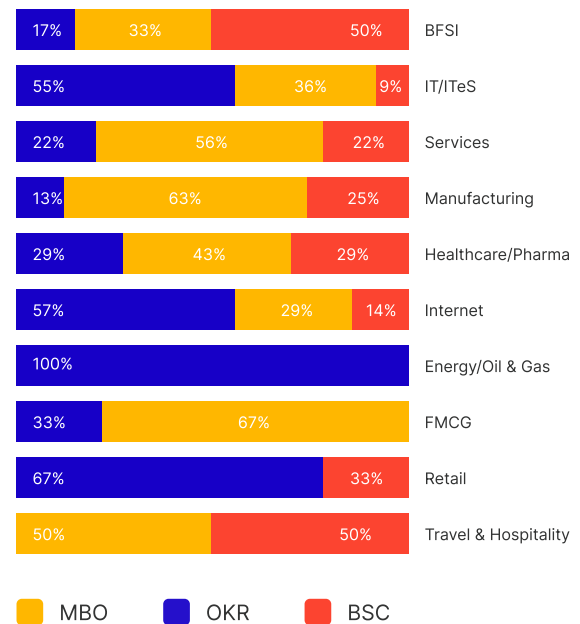
Organisations from the Internet, IT/ITeS and Energy sectors are front-runners in OKR adoption.

■ Performance Framework



■ 40%, MBO ■ 32%, OKR ■ 28%, BSC

■ Performance Framework by Sectors



■ MBO ■ OKR ■ BSC

Leverage OKRs to build an outcome - focused culture in your company

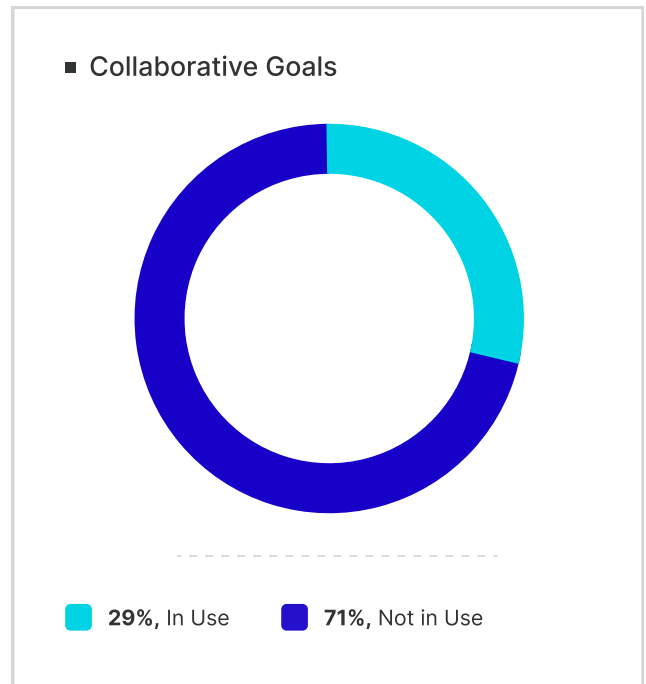
[Download The Ultimate Guide to OKRs](#)

Get Started

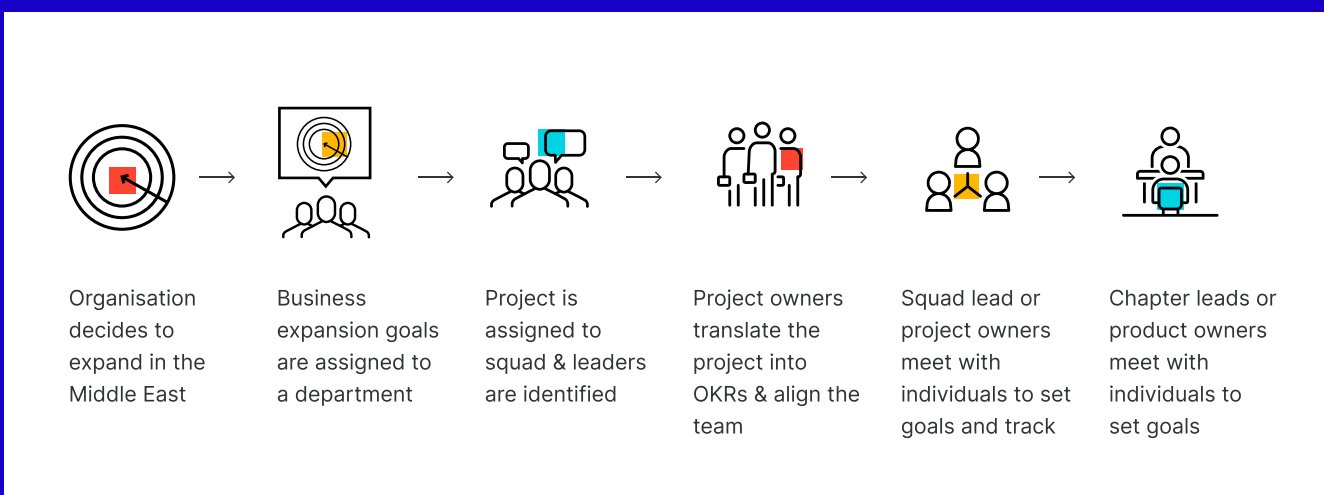
Building Accountability at Scale

Empowered and autonomous squads drive agility in today's fast-evolving work environment. It makes little sense to manage performance solely on an individual level. Successful agile organisations focus on team performance when setting goals and evaluating performance, often allowing teams to define their own goals to drive ownership. At one manufacturing set up, for example, performance objectives are a combination of team goals, individual contribution to the team, skills required at the level of individual jobs, and alignment of professional behaviour to the manufacturer's values.

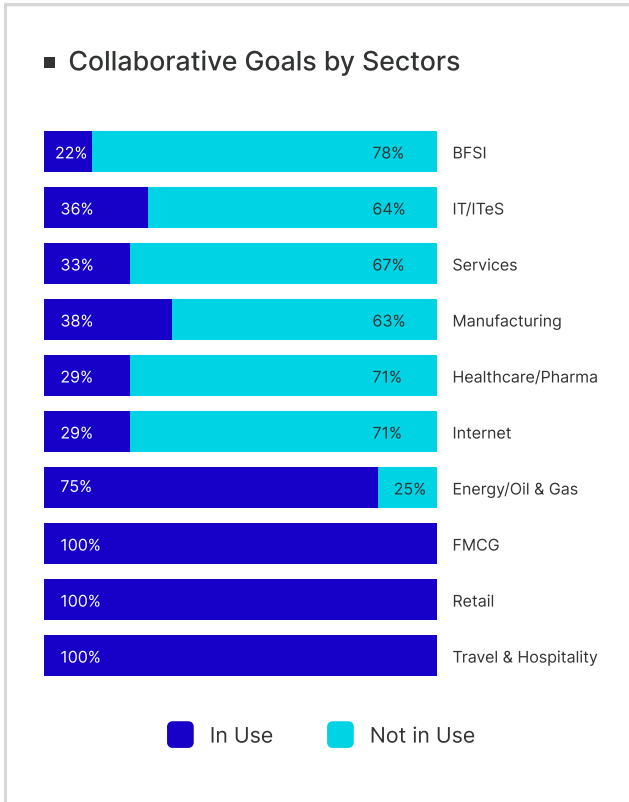
Even though there are clear benefits of using collaborative goals, organisations are still trying to catch up. Only **29%** of organisations are pursuing collaborative goals with their team members.



Case in point: How to set collaborative goals?



In an industry-wise break up, only 40% or less of the goals are collaborative in nature for BFSI, IT/ITeS and even Services companies. This indicates that performance tracking needs greater alignment to how the actual work happens in these sectors with cross-functional teams and squads playing a bigger role in execution.



It follows that tying big financial rewards to yearly performance shall also soon be replaced with incremental continuous development-focused conversations and commiserate financial rewards. This would ensure that employees deliver continually optimised performance.

As per Josh Bersin, almost **70%**⁴ of multinational companies are moving towards this model, even if they haven't embraced it in its entirety yet.

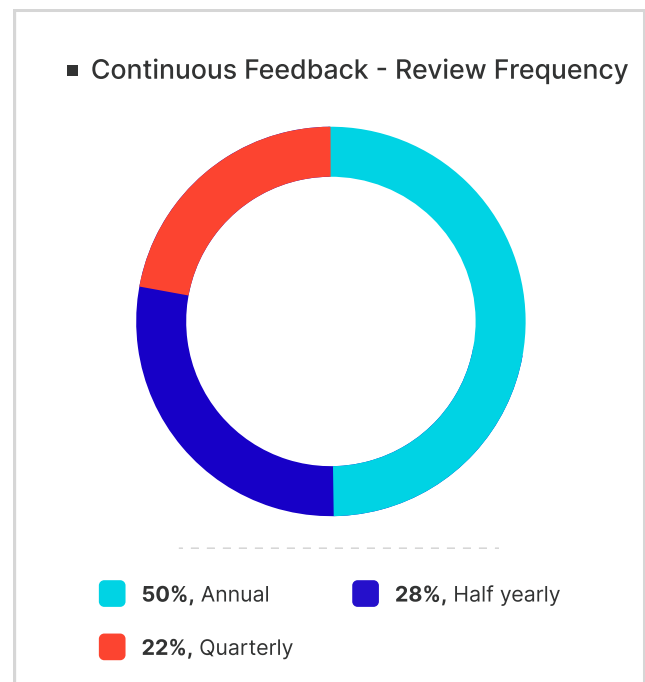
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Continuous Feedback Loop to Replace Yearly Performance Review

Every 1 in 2 employees feels that performance reviews are a monotonous activity - a year-end activity that needs to be done. Very much like filing Tax Returns

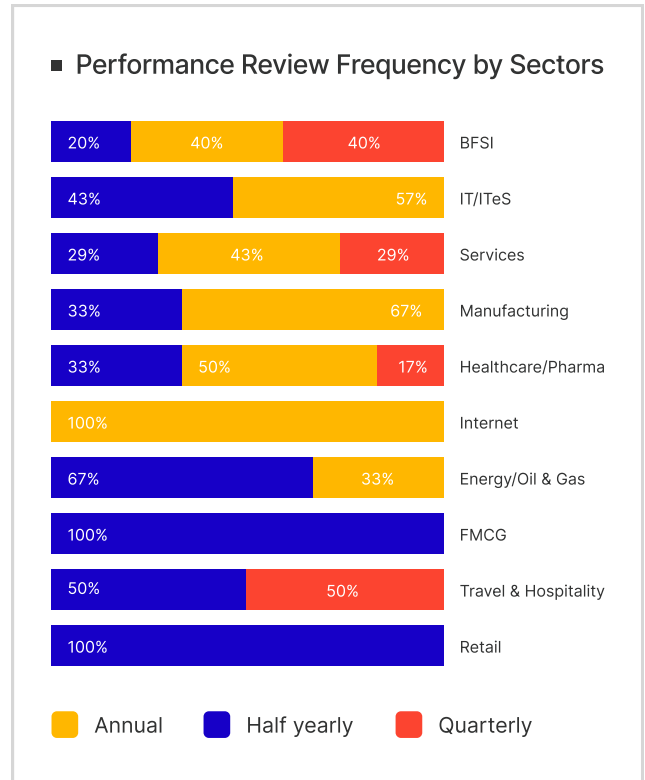
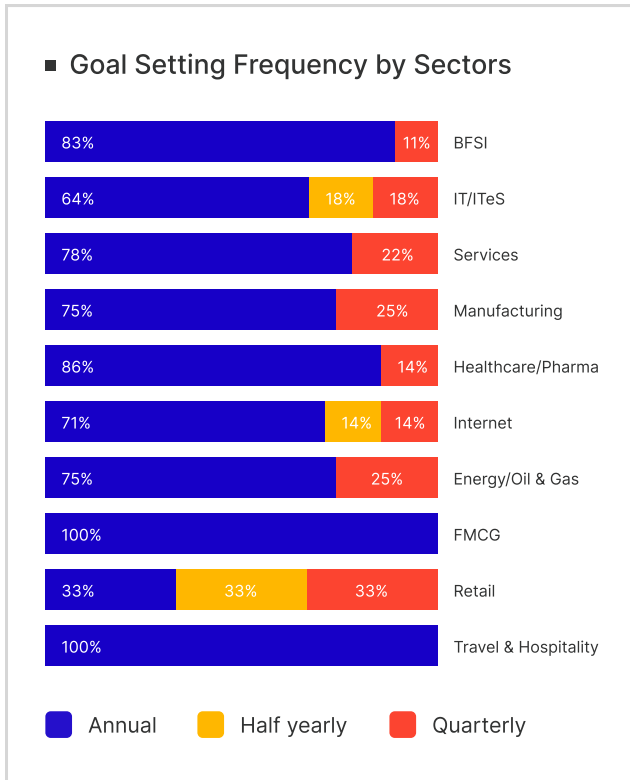
The annual performance review tradition is paving way for agile goal setting and quarterly review, that relies heavily on continuous feedback to course correct quickly. Leaders are leaning towards practising more-frequent check-ins and delivering constructive continuous feedback to empower employees.

Our primary analysis indicates that as many as **50%** of companies have already replaced their annual performance reviews with bi-annual and quarterly reviews, and this number is expected to rise further.



(4) <https://hbr.org/2016/10/the-performance-management-revolution>

An Industry-Wise Comparison of Goal Setting to Review Frequency

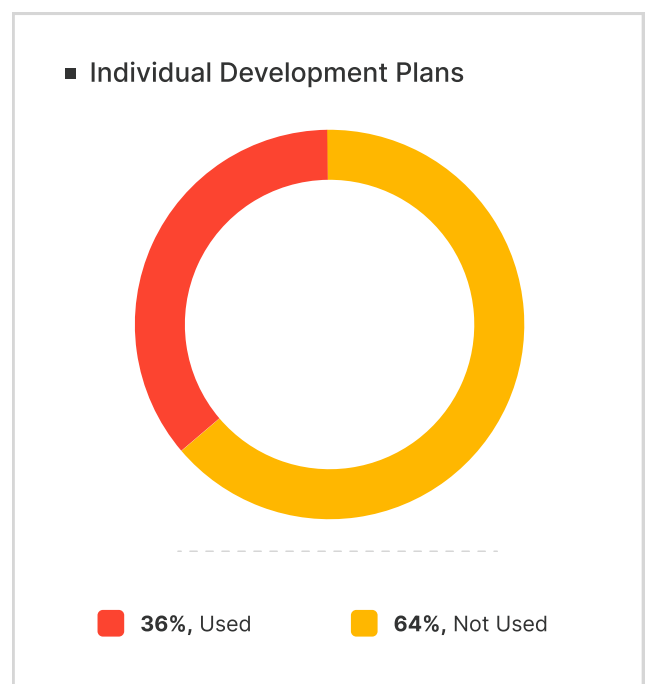


5

Employing Capability Building as a Tool for Talent Retention

Skills matter more than hierarchical power in the new workplace. With the war for talent raging across geographies, attracting and retaining the right talent is an uphill task for organisations. Having access to talented people with the right skills can make or break a business. As a result more organisations are now focussing on inclusive workplace practices and attention to their individual career growth as a way to retain their high-potential talent.

36% of organisations have already integrated Individual Development Plans as a part of their Performance Review Process and are also giving it due importance in their performance measurements. This emphasis is expected to increase further and reward organisations that adopt it with improved employee engagement & retention, coupled with organisational growth.

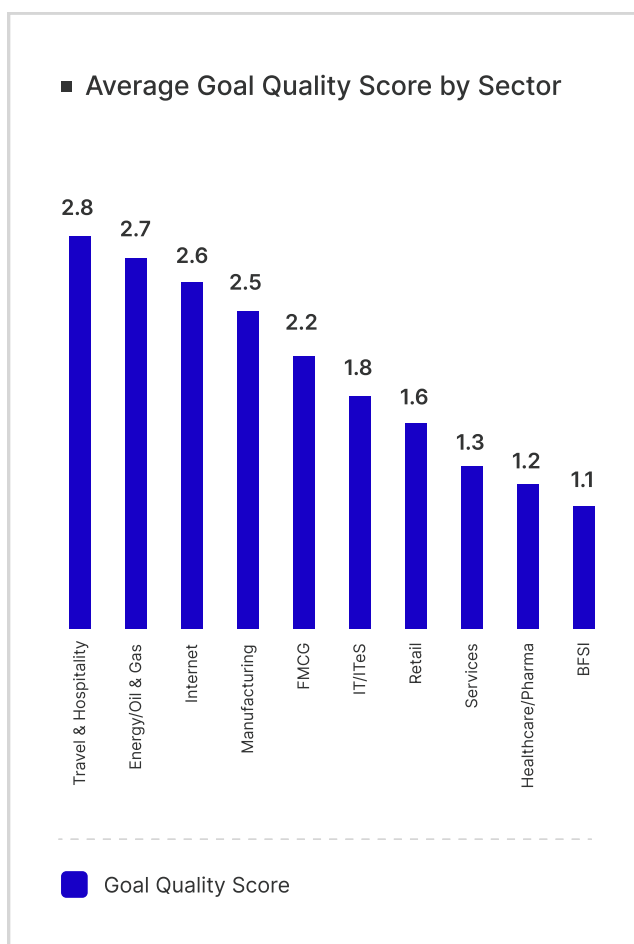


Bonus: Goal Quality Scores Across Industries

Goal quality score is defined on a scale of 1-5 (5 being the highest). The quality score is computed by a **PeopleStrong proprietary algorithm** that takes into account multiple parameters. The key parameters include:

1. If the outcomes for a goal are measurable
2. If the efforts to reach a goal have been defined

Goal quality score will be high if both the above components are considered while creating goals.



Modern workplaces require intelligent solutions to nurture a high-performance culture. In a talent-driven economy, people are central to organisational success, setting a company above its competitors. Keeping people motivated, satisfied, and well-equipped to deal with an evolving environment is now a top C-suite priority.

To that end, following outcome-focused performance frameworks such as OKRs, setting quantitative goals, and reviewing them at shorter intervals is likely to build a culture that delivers better business and people outcomes.

The time is ripe to outline a solid action plan to prepare your organisation to deliver its best results.

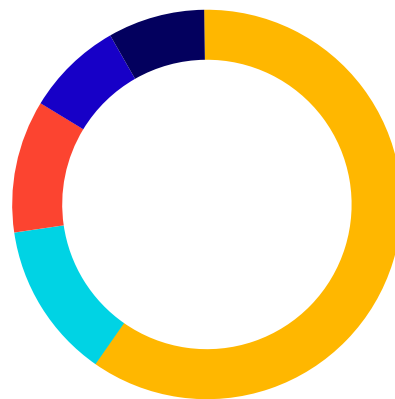


Methodology & Analysis

The study is based on a detailed quantitative analysis of actual usage data of over **150,000+** end users across **500+** enterprises on PeopleStrong Talent OS. The data represents enterprises spread across **14+** major industry segments in over 10 countries in the Asia Pacific.

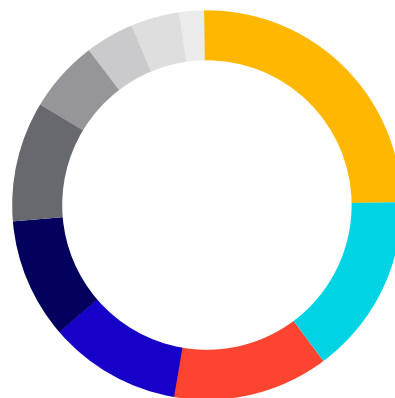


Customer Spread by Headcount



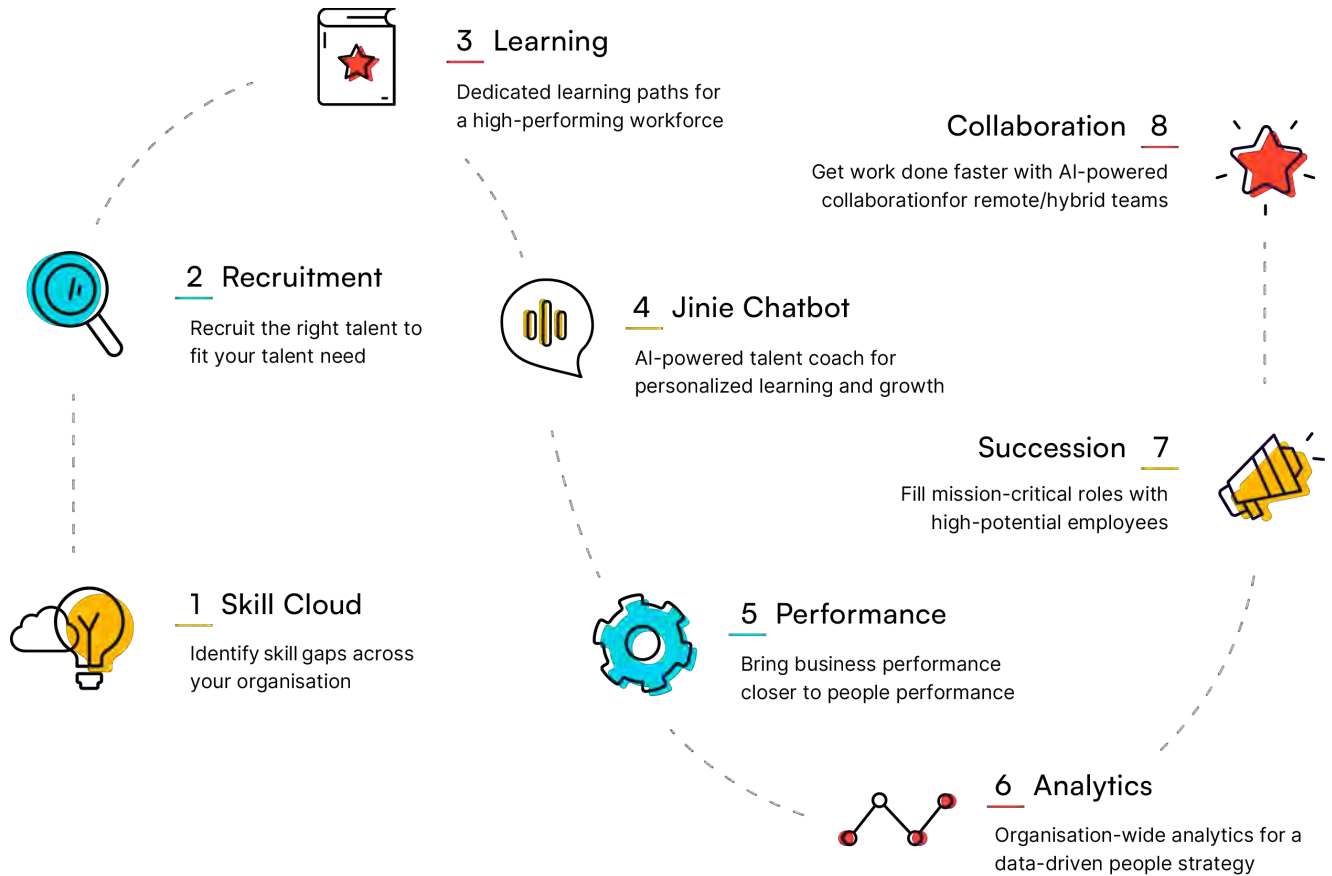
- < 1000
- > 5000
- 1000- 2000
- 2000- 3000
- 3000- 5000

Customer Spread by Sectors



- 25%, BFSI
- 36%, IT/ITeS
- 13%, Services
- 11%, Manufacturing
- 10%, Healthcare/pharma
- 10%, Internet
- 6%, Energy/Oil & gas
- 4%, FMCG
- 4%, Retail
- 3%, Travel & Hospitality

Want an intelligent AI-powered technology that puts your organisation on the path towards high performance culture?



Get in touch with our team to learn more about PeopleStrong Talent Management that lets you hire, mentor, retain, and engage your future-ready workforce.

Empowering 500+ enterprises and 2M+ users across the Asia Pacific

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