



# 2013 GLOBAL PERFORMANCE MANAGEMENT SURVEY FINDINGS

## EXECUTIVE OVERVIEW

### A LACK OF CONFIDENCE IN PERFORMANCE MANAGEMENT PROGRAM EFFECTIVENESS

Despite an understanding that talent is a source of competitive advantage, establishing effective performance management programs remains a challenge for most organizations. Many struggle to achieve important outcomes such as focusing employees on the “right” things and driving them to perform at higher levels.

Even though there is a lot of talk about workforce segmentation and innovative performance management practices, few organizations effectively support dynamic performance and career development processes, and a minority has made revisions to their practices in the past few years.

According to Mercer’s 2013 Global Performance Management Survey, just 3% of organizations worldwide reported that their overall performance management system provides exceptional value. The survey includes responses from performance management leaders at more than 1,050 organizations representing 53 countries around the globe. The organizations surveyed varied in size from fewer than 1,000 to more than 10,000 employees and included a wide range of industries.

### CRITICAL DRIVERS OF PERFORMANCE MANAGEMENT

In addition to some commonalities in performance management programs, such as setting employee goals, conducting formal year-end review discussions, and using performance ratings, Mercer’s statistical analysis identified key drivers of successful performance management. The key drivers include manager skills, executive commitment, calibration, and technology. Topping the list is the skills of managers, specifically how well managers set employee goals, provide feedback, evaluate performance, and link performance to critical talent management decisions such as compensation, development, and careers.

Roughly one in three organizations around the world say that improving managers’ ability to have candid dialogue with employees has the greatest impact on overall company performance. Mercer’s analysis revealed that the two components of manager skills that matter the most are linking performance to career development and setting SMART goals (specific, measurable, ambitious but achievable, relevant, and timebound).

Alongside the contribution of managers, organizations with higher levels of executive commitment are more

likely to have effective performance management programs. One-on-one performance discussions, formal performance planning, and team accountability are some of the more common practices executives are implementing to direct their teams and achieve desired business results.

Calibration and technology are two additional drivers of successful performance management. Mercer's survey revealed that organizations that practice calibration have more skilled managers and thus are better at determining accurate performances, increasing talent awareness, and identifying individual employee development opportunities. More than half of organizations around the globe use calibration processes to differentiate between performance levels.

And while technology (used by 40% of organizations) alone does not ensure performance management success, it allows for ready access to accurate data and actionable insights to all stakeholders.

#### BEST PRACTICES BY REGION AND COUNTRY

According to Mercer's survey, one region or country does not lead the world in performance management best practices. In general, organizations in Asia Pacific are more likely to have tools, guidelines, and metrics in place compared to those in Europe that typically place more emphasis on career development in their pay-for-performance value propositions.

While more than half of organizations worldwide cascade goal setting to the business unit, it is more common in Asia Pacific and Europe, noted by about three-quarters or more of organizations. Goal setting at the country level occurs most often in South Korea and India and least often in the United States and Canada.

Organizations in India, Singapore, Japan, and Eastern Europe are more likely to demonstrate higher levels of executive commitment to performance management while organizations in Latin America, Italy, and Spain are least likely.

And although the top practice of performance management programs worldwide is linking performance to pay increases, organizations in India track performance management metrics significantly more than all other countries.

#### LEARN MORE

To download a free executive summary and view Mercer's performance management resources, please visit [www.mercer.com/performance](http://www.mercer.com/performance). And to purchase a global, region-country, or industry 2013 Global Performance Management Survey report, explore the available options at [www.imercer.com/performance](http://www.imercer.com/performance).

#### CONTACT

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