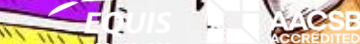


Figure, Mar – Apr 2025 Contemporary Performance Management Practices Survey: Recap 2023

Prof. Dr. Aleksandra Klein, University of Sustainability Vienna – Charlotte
Fresenius Private University



2023, 90 Baltic organizations participated in *Contemporary Performance Management (PM) Practices* survey

Organized for the third time as an international research project, ...

- Project team from **4 research partners**



- Academic lead** (incl. today's presenter)



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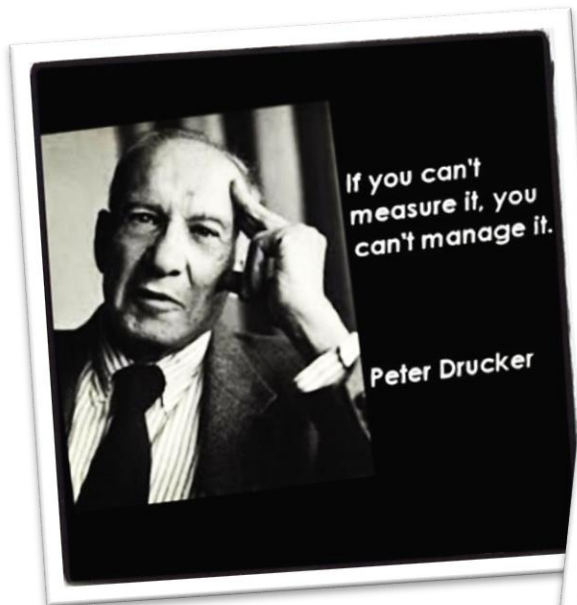
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... this pan-Baltic survey shows the status quo and potential of PM

- Covered topics**
 - Current** performance evaluation process and the use of **contemporary** performance evaluation practices
 - Focus on the **core group** of employees
 - Female representation and **gender equality** policies
 - New work reality's** impact (e.g., flexible hours, remote working)
- Survey respondents**
 - HR managers and PM specialists
 - Representing **90 organizations** from the **Baltics** (EE, LV, LT) from more than 11 different industries

Despite the “good intentions”, major organizations in the mid-2010s started ditching their PE practices

While both management research and practice agree on the **importance** and the benefits **of effective performance management process for businesses...**



...more and more **companies** are **reluctant to use** or keep their established **performance management** practices

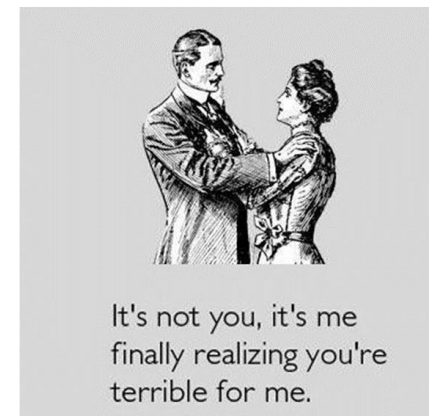


To summarize, the recurring reasons why are...



Human nature

- Favoritism
- Recency bias
- Halo effect
- Gender bias



Very personal

- Evaluator sets the tone
- Evaluatee is in the shadow



It's an opinion

- Subjective measure to capture true performance

Let's Not Kill Performance Evaluations Yet



by **Lori Goler**, **Janelle Gale**, and **Adam Grant**

FROM THE NOVEMBER 2016 ISSUE

87%

of **Facebook employees** wanted to keep performance ratings.

“The reality is, even when companies get rid of performance evaluations, ratings still exist. Employees just can’t see them. Ratings are done subjectively, behind the scenes, and without input from the people being evaluated.”

Our survey focuses on the major contemporary performance evaluation practices, inter alia



Strategic Performance Management

- Strategic fit of performance evaluation (PE) process with organizational objectives and its effectiveness



Formal Performance Reviews

- Characteristics of the formal PE process, including frequency, information sources, etc.



Alternative Rater (AR) Feedback

- Role of alternative raters (e.g., peers, subordinates, clients, etc.) in performance evaluation process



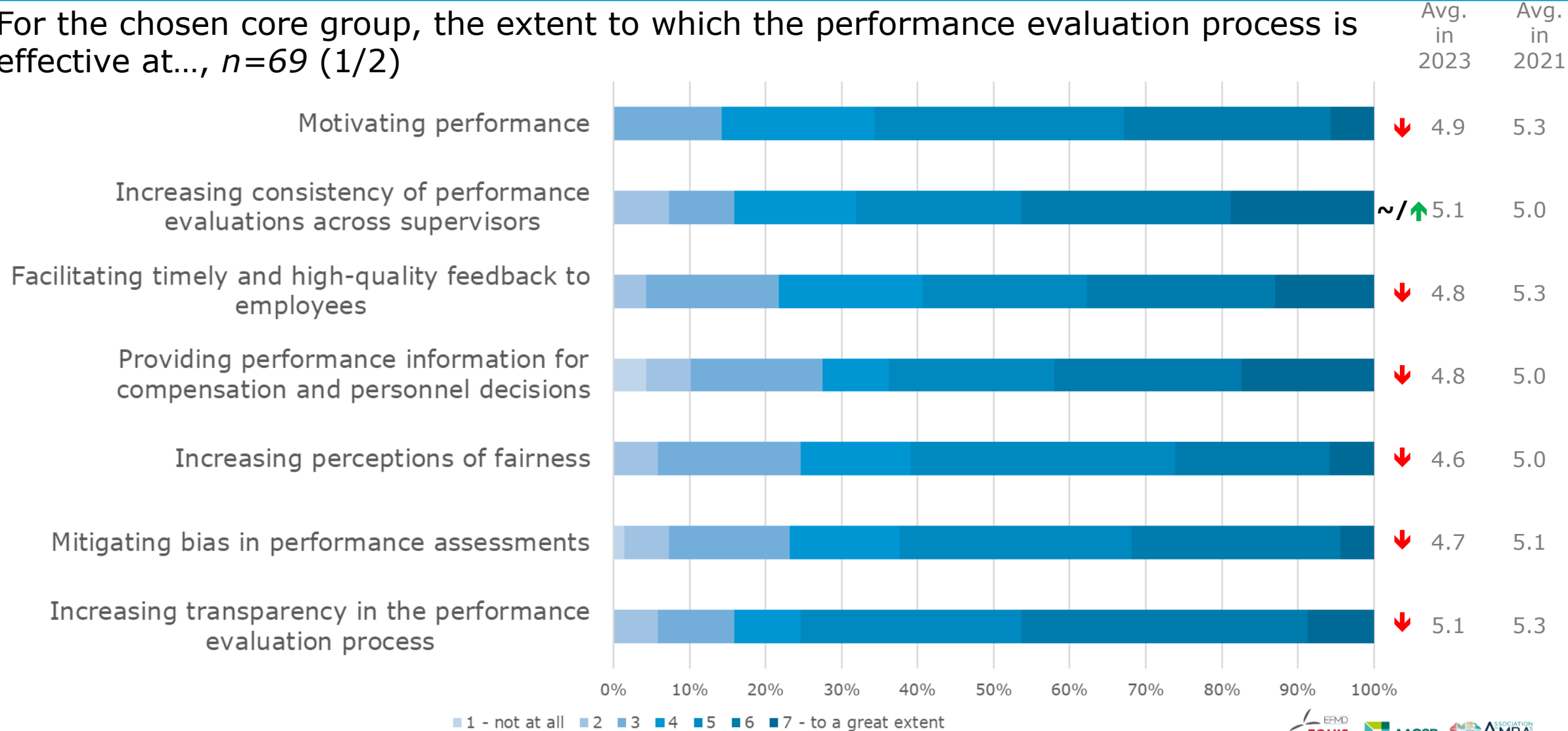
Calibration Committee (CC)

- Implementation of CCs (groups for discussing, justifying, and potentially adjusting performance assessment) in the PE process



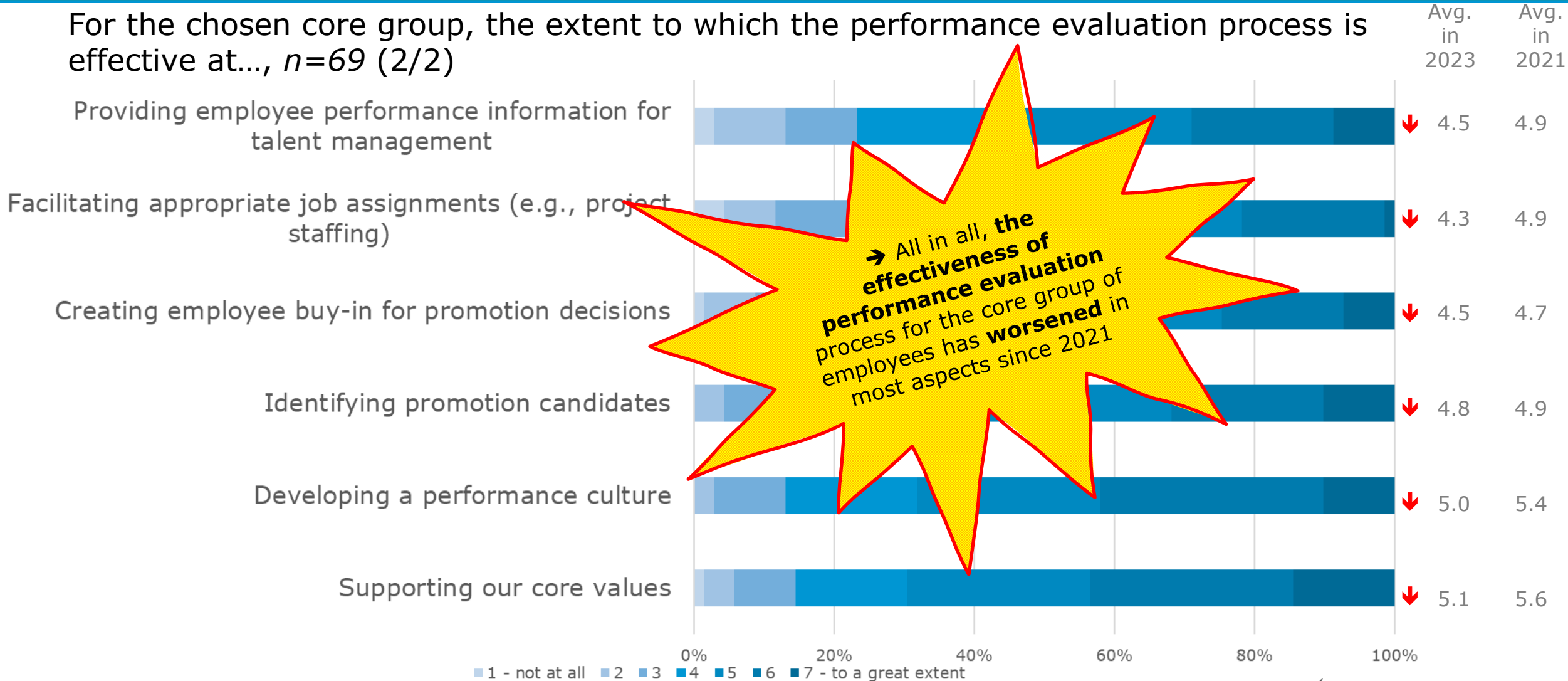
For the core group, the PE process is *rather* effective in many aspects, providing motivation, feedback, transparency,...

For the chosen core group, the extent to which the performance evaluation process is effective at..., *n*=69 (1/2)



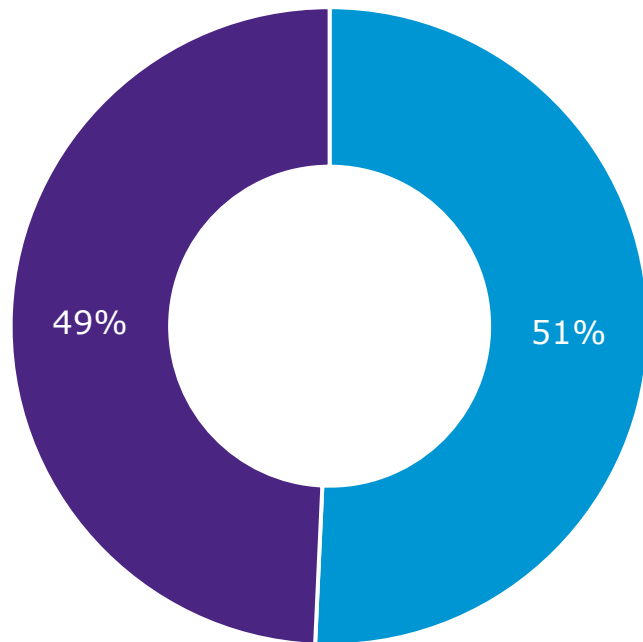
... as well as supporting performance culture and core values

For the chosen core group, the extent to which the performance evaluation process is effective at..., *n*=69 (2/2)



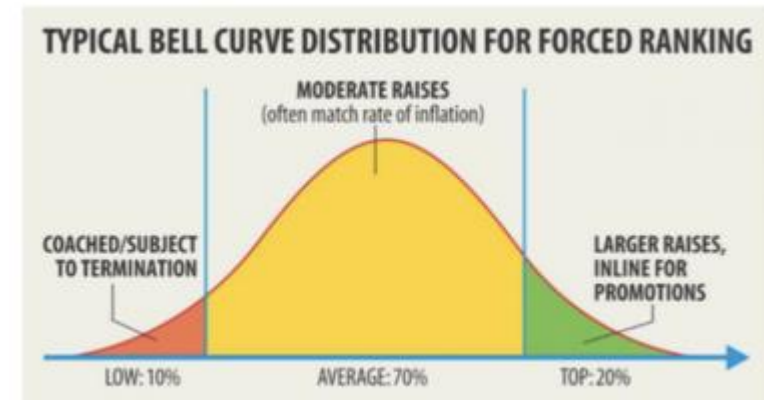
More than a half of respondents use forced distribution to evaluate the core group of employees

For the chosen core group, **use of forced distribution** to evaluate these employees, $n=69$



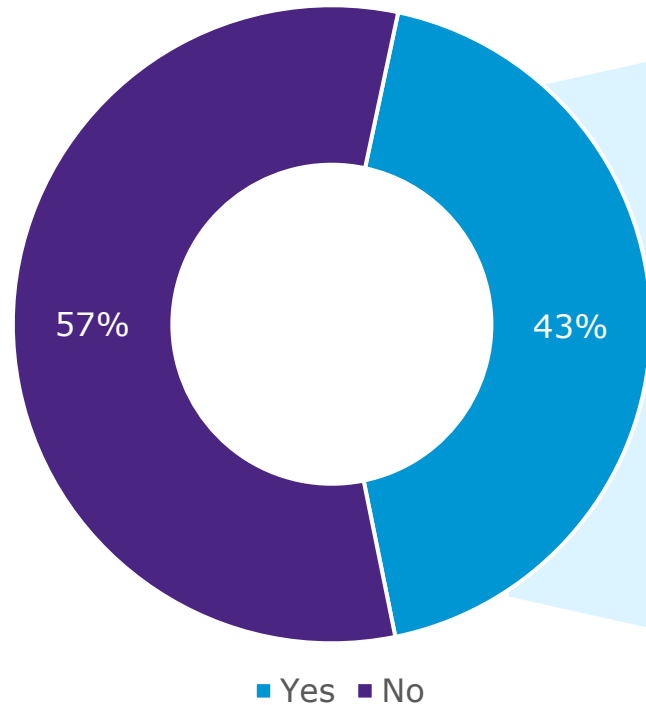
■ Yes ■ No

- **Comparing with 2021 & 2019**, when **31% & 41%** of participating companies, respectively, were using **forced distribution for the core group**, latest results demonstrate a considerable **increase in the use of forced distribution**
- This can indicate that some **companies returned** to the time-proven, efficient, yet often **biased** forced distribution

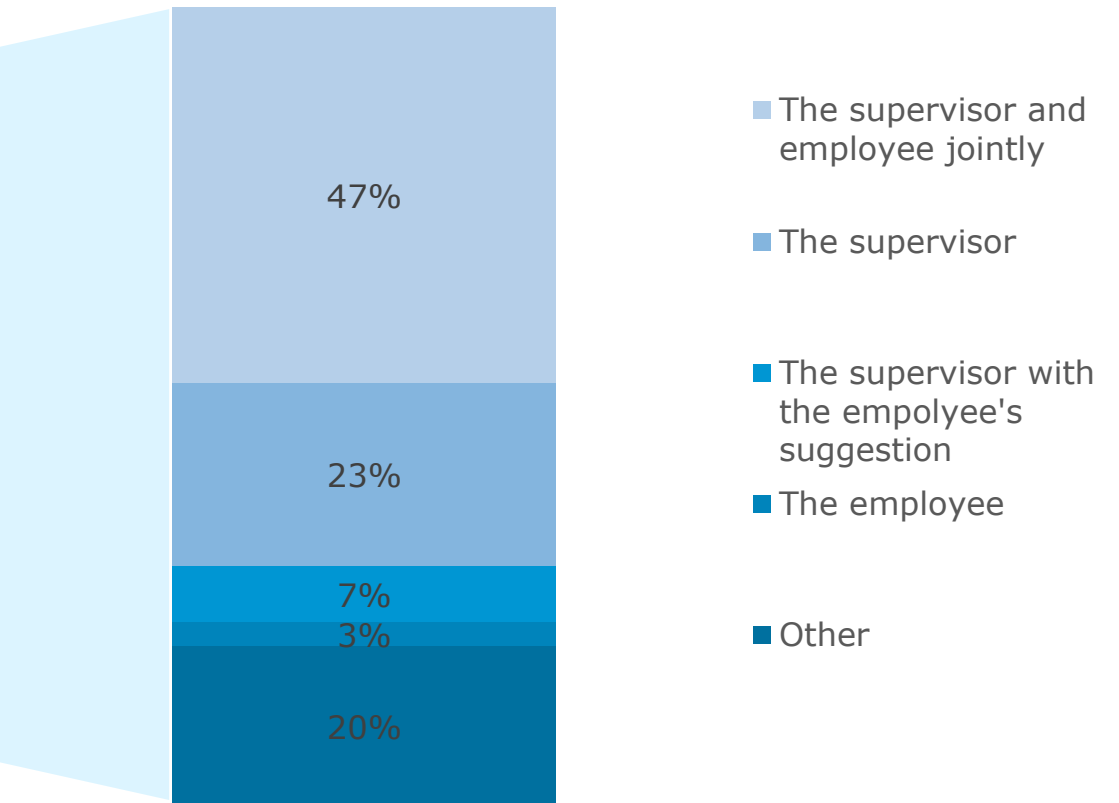


<45% of surveyed firms use alternative raters, who are usually selected by supervisors

Use of alternative raters for the chosen core group of employees, $n=69$



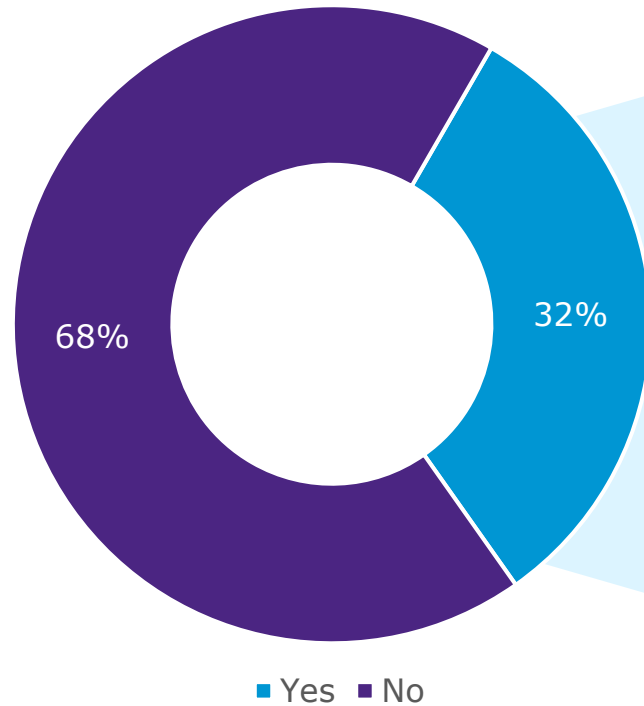
Who selects alternative raters for the chosen core group, $n=30$



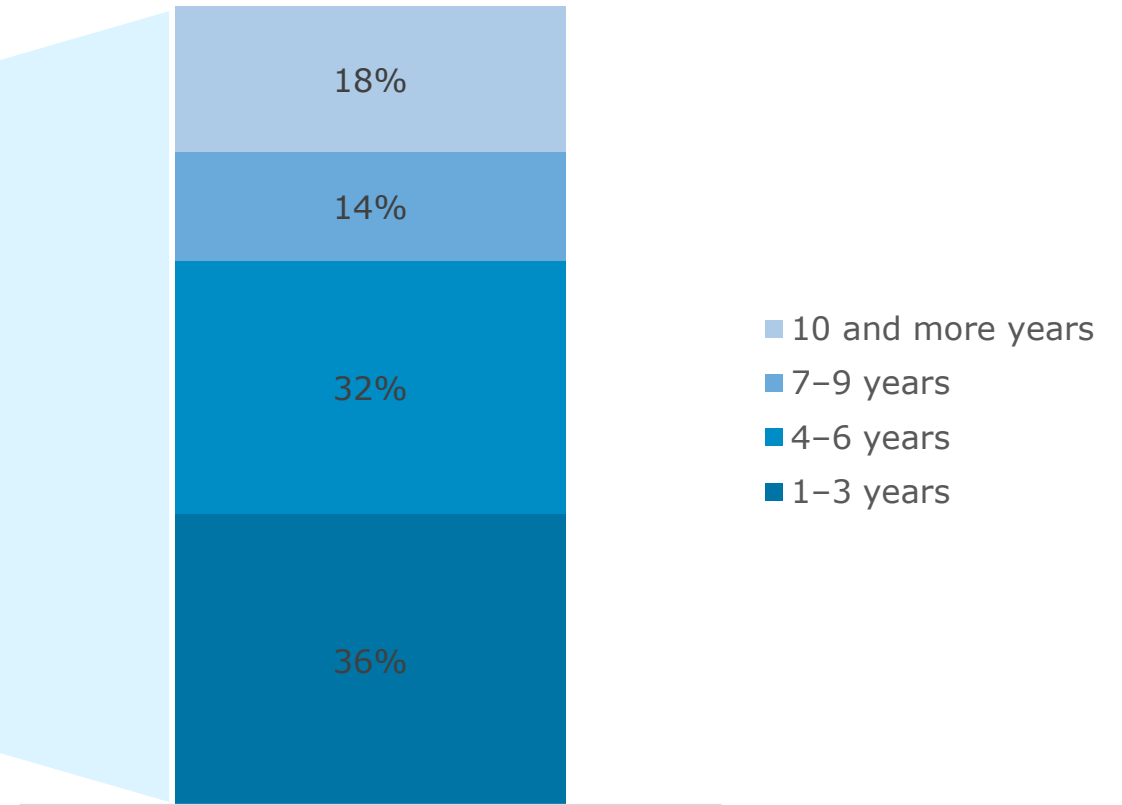
There is a declining trend since 2019/21

Although the use of CCs is still comparatively rare, most organizations using them have done so for at least four years

For the chosen core group, whether calibration committees are used, $n=69$



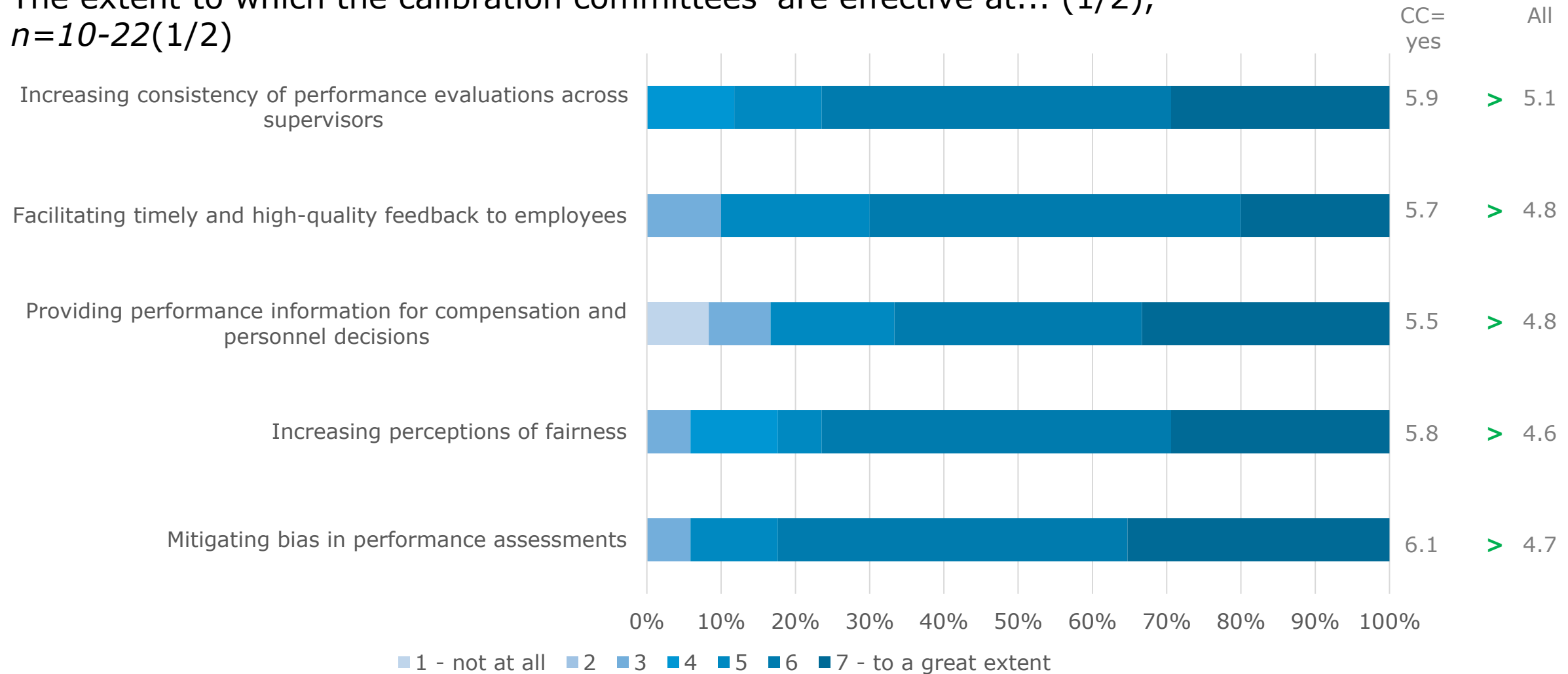
How long calibration committees are used, $n=22$



Since 2021, CC use **rose** by 12 pp.

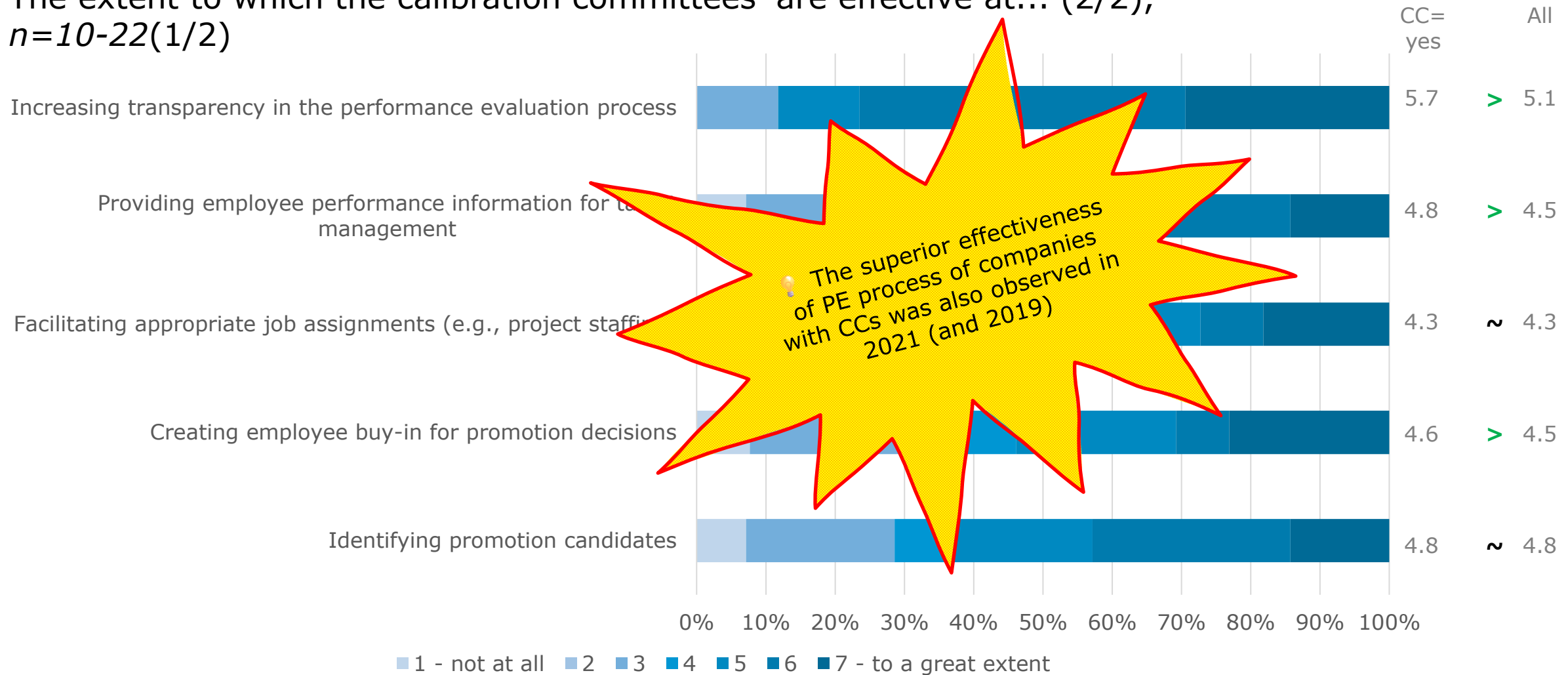
Compared to all the survey participants, companies with CCs have more effective performance evaluation process...

The extent to which the calibration committees' are effective at... (1/2),
n=10-22(1/2)



... in almost all surveyed aspects or report similar level performance evaluation process effectiveness

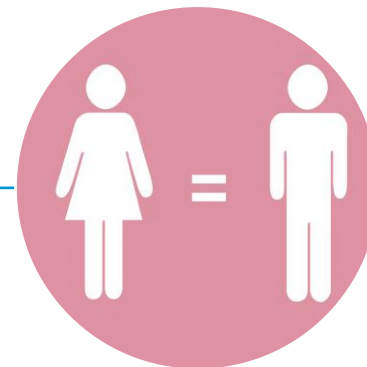
The extent to which the calibration committees' are effective at... (2/2),
n=10-22(1/2)



New work reality and gender (in)equality?



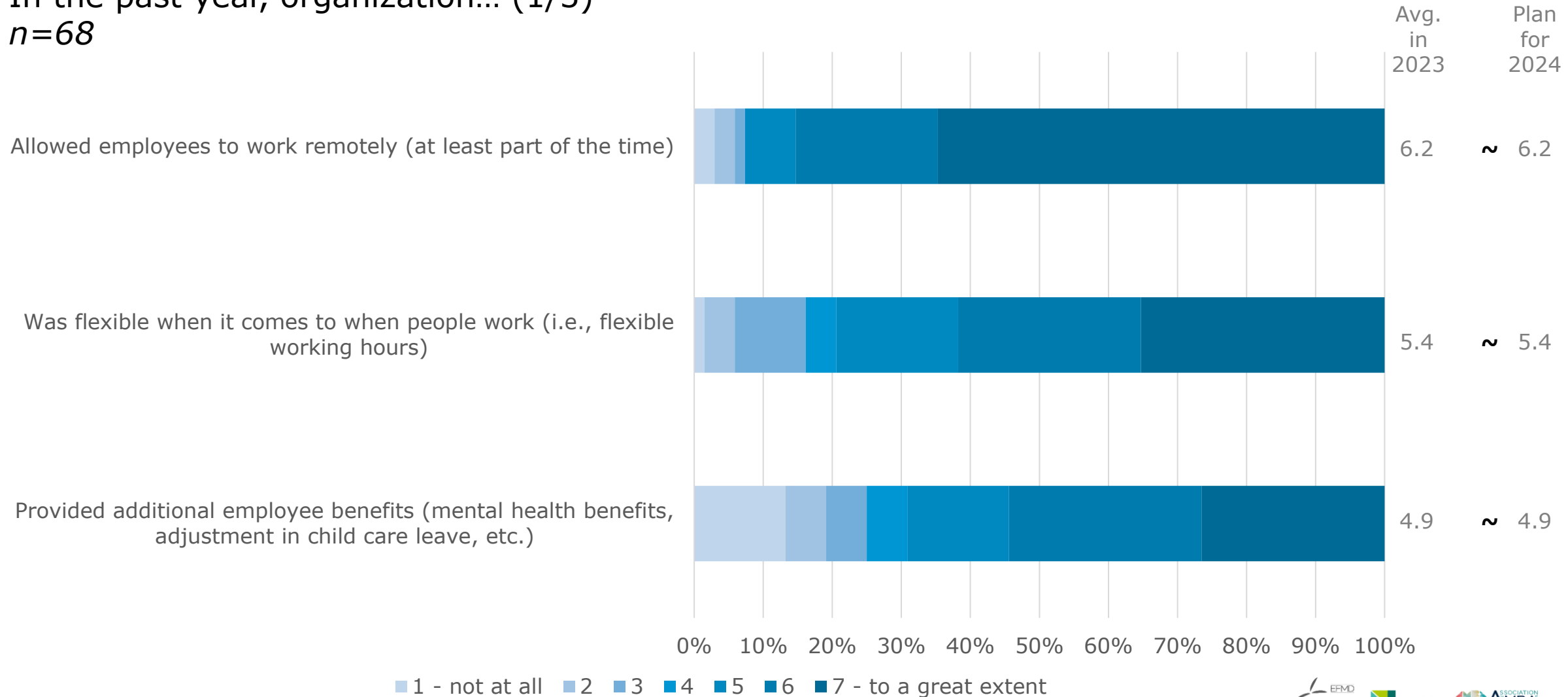
New work



Gender equality

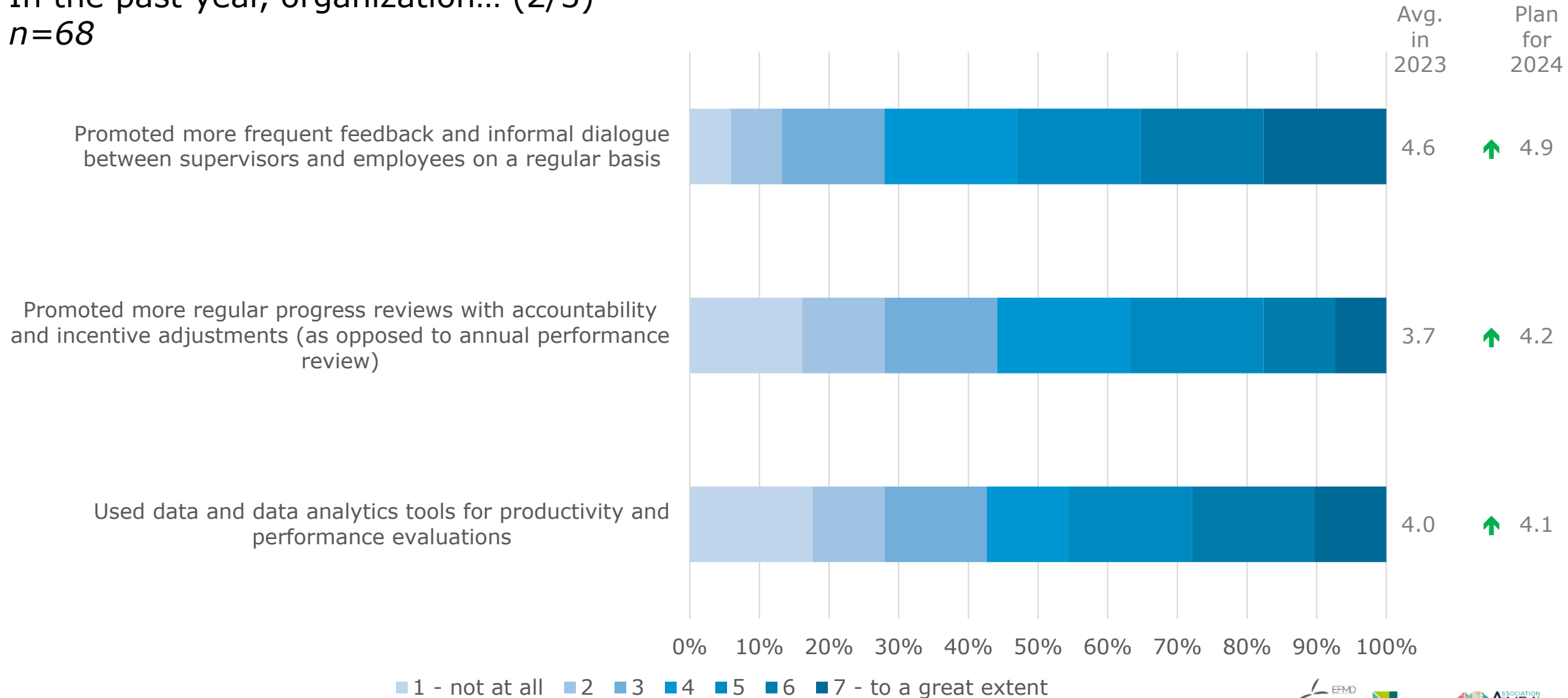
New work policies embrace flexibility and well-being and came here to stay

In the past year, organization... (1/3)
n=68



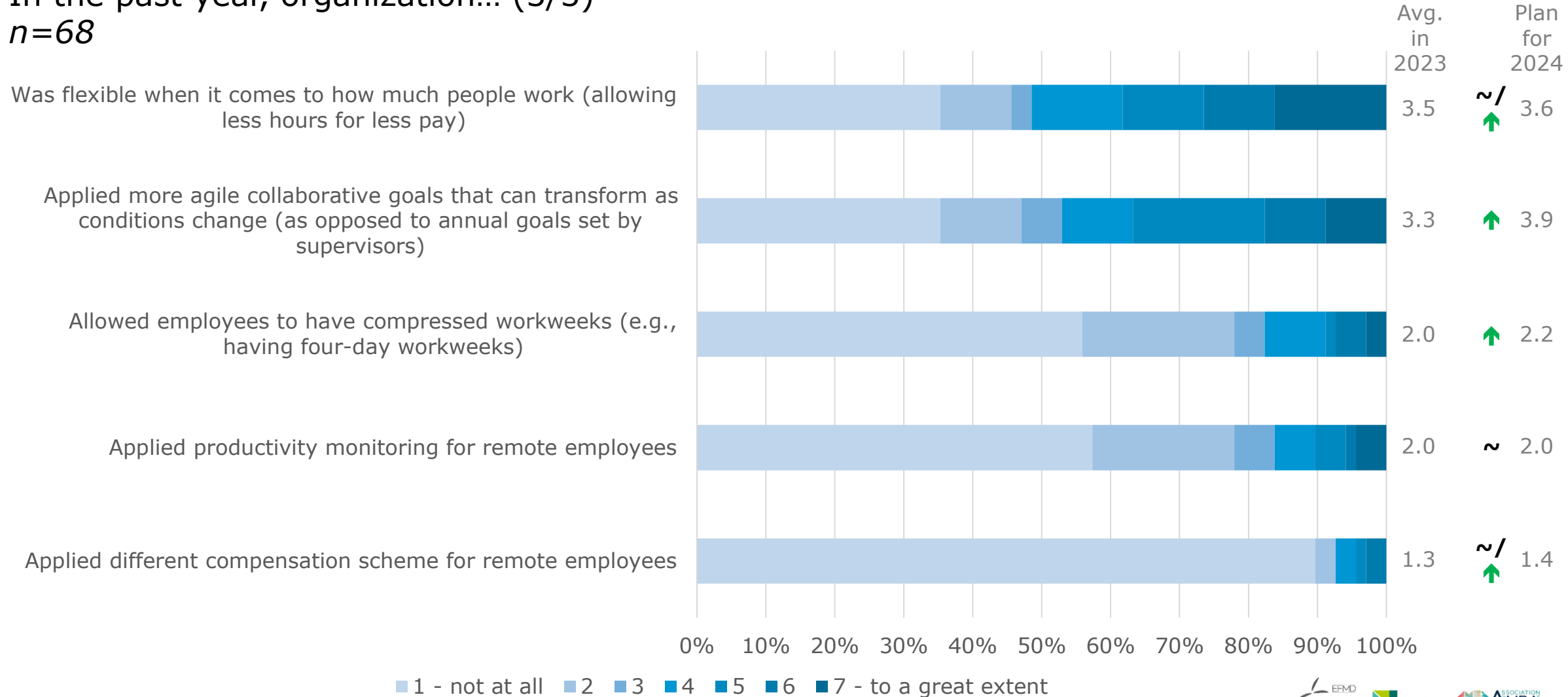
Organizations intend to accelerate the frequency of feedback and reviews, underpinning more data-driven PE process

In the past year, organization... (2/3)
n=68

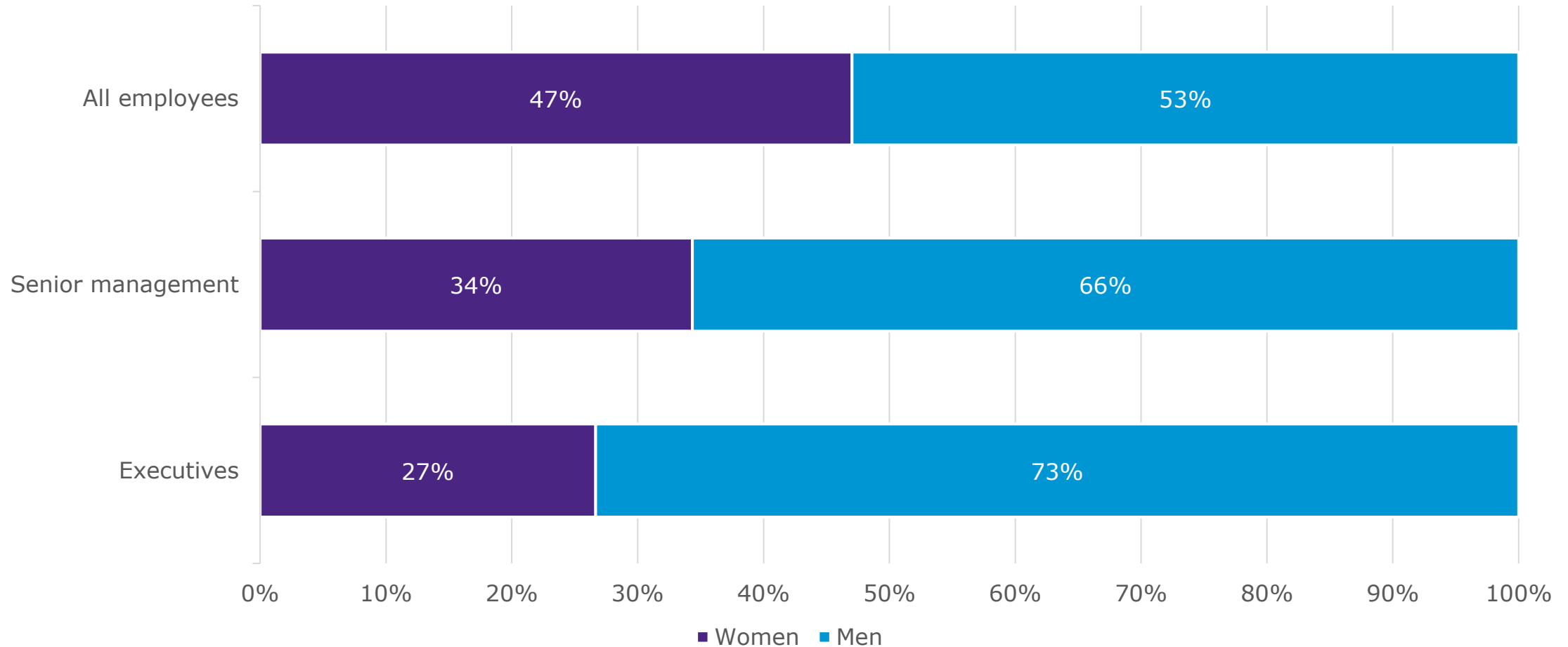


Yet, more extreme changes in work settings (e.g., compressed workweeks, agile goals, remote monitoring) are not observed

In the past year, organization... (3/3)
n=68

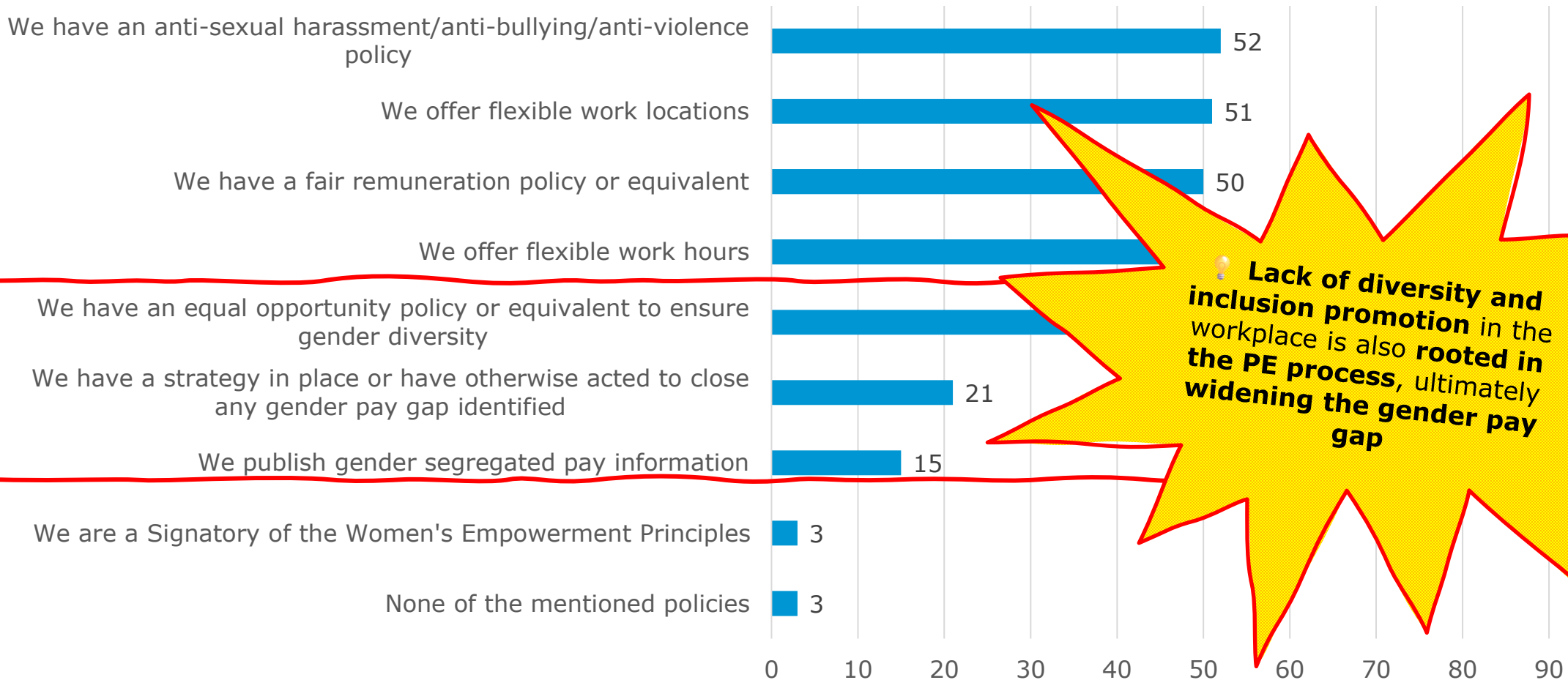


While the total workforce is evenly distributed among both genders, the „glass ceiling“ is still a relevant bias



Companies could definitely do more to empower females and support gender equality at work

Policies that the respondent firms have (explicit in writing), $n=90$

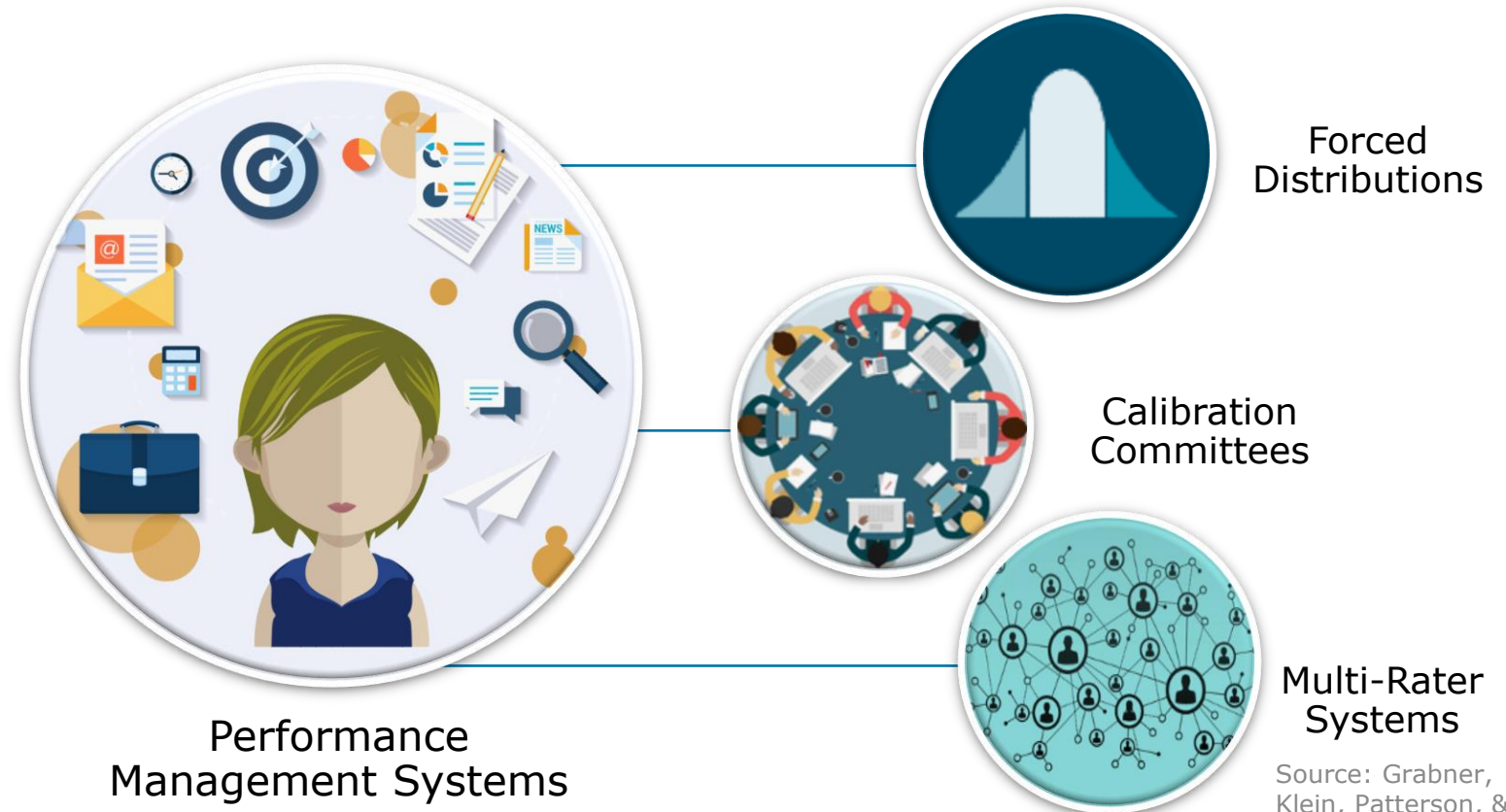


Lack of diversity and inclusion promotion in the workplace is also rooted in the PE process, ultimately widening the gender pay gap

Based on previous two survey editions and compensation data, we explore the PM practises-gender pay gap links

Modern Management Control Practices used to Reduce Bias used in Organizations

How much room does an **organization's performance management process** allow for biases to **differentially affect the compensation decisions for women** as compared to **men**?



Source: Grabner, Klein, Patterson, & Sedatole (2023)



Forced Distribution

- The use of forced distribution increases the gender pay gap (GPG) for both professionals and managers



Calibration Committees

- Only for professionals, CCs have a negative significant effect on the GPG
- Peer CCs hurt female professionals, while other types of calibration committees have no significant effect on the GPG for both professionals and managers



Alternative Raters (Multi-Rater System)

- Self- and external assessments increase and higher- and lower-level raters decrease GPG among professionals
- Assessment by peers increases and self-assessment decreases GPG among managers

Source: Grabner,
Klein, Patterson, &
Sedatole (2023)

Addressing the gender pay gap through the missing link...

Organizational Design Perspective

- Researchers, policymakers, and businesses have undertaken a number of measures to understand or address this problem
- No focused attention has been paid to the role of the performance management process, despite it being an influential component of every organization (Merchant and Van der Stede, 2017)
- We take a multi-company approach to the question



Need for a cautious performance management system design



Designed for the most salient objectives



Biases can impact compensation development



Affecting the Gender Pay Gap

LET'S CONNECT!

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THANK YOU!

The research team appreciates the opportunity to collaborate with companies to examine relevant and timely topics.

If you would be willing to share your insights or discuss a potential collaboration, please do not hesitate to contact us!