

Best Practice in Employee Performance Measurement: Synthesis

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Transportation Synthesis Reports (TSRs) are brief summaries of currently available information on topics of interest to WSDOT staff. Online and print sources may include newspaper and periodical articles, NCHRP and other TRB programs, AASHTO, the research and practices of other state DOTs and related academic and industry research. Internet hyperlinks in the TSRs are active at the time of publication, but host server changes can make them obsolete.

Request for Synthesis

This synthesis and literature review, requested by Jeff Pelton, WSDOT Human Resources Division relates to best practices in current models of employee performance measurement and related agency performance management. An email survey was sent out to other state DOT's requesting information on the performance models in use.

Databases Searched

- TRID - A Transportation Research Database at the Transportation Research Board (TRB)
- Research in Progress (RiP) – A Database of Current Transportation Research at TRB
- Previous Synthesis Reports on WSDOT Research Website
- Google
- Wisconsin DOT Transportation Synthesis Reports
- Federal Transit Administration (FTA) website
- Federal Highway Administration (FHWA) website
- International Transportation and other Research Websites

Published Sources and Websites

[The Shingo Prize: Performance Management Assessment and System Components](#)

The Shingo Model: The Shingo Principles of Operational Excellence – The Shingo Transformational Process; www.shingoprize.org ; October 2013

Summary: Includes Guiding Principles-Systems- Tools-Results

[Performance Management](#)

Measuring; www.opm.gov ; 2013

“In its August 1999 report, *Balancing Measures: Best Practices in Performance Management*, the National Partnership for Reinventing Government (NPR) convincingly argues for using a balanced measures approach to managing organizational performance. Through lessons learned, best practices, and examples, the report presents overwhelming evidence that public as well as private sector organizations benefit from using a balanced set of measures. This report provides Federal managers with ideas and suggestions for improving organizational performance using balanced measures.”

[Best Practices for Performance Management](#)

Talent Management; IDC; www.idc.com; October 2013

Summary: Provides a list of papers related to performance management vendors and models.

[Employee Performance Management](#)

Kenexa; www.kenexa.com; 2013

Company provides employee performance assessment technology and services.

[Four Performance Management Tools: An Overview of Balanced Scorecard, Baldrige, Lean, and Studer](#)

Rural Center; www.ruralcenter.org ; 2013

Summary: The Rural Center provides an overview of four performance management tools.

[Government Embracing Evidence-Based Policy Making](#)

Balanced Scorecard Institute; Strategy Management Group; www.balancedscorecard.org ; October 2013

“In naming Jeffrey Zients to be Chief Performance Officer and Deputy Office of Management and Budget Director, President Obama signaled that the federal government would continue to build on the performance focus and reinventing government efforts of the past two administrations. Zients will help “streamline processes, cut costs, and find best practices throughout our government,” Obama said when he announced the nomination. Zients will be expected to lead the president's efforts on contracting reform, eliminating waste in the budget, building a performance agenda and creating more transparency in federal finances.

Those challenges faced by government organizations are not that different than those of business. They need to do more with less, only all under the watchful eye of legislators, the media and the general public. And those challenges are best met with good performance management.”

[Performance Management Standard](#)

American National Standard for Human Resource Management; American National Standards Institute, Inc.; November 2012

“Abstract: Every organization, regardless of its mission, strives to reach objectives through its workforce. Successful results are achievable if all members of the organization team know and share strategic goals and know and share strategic goals and know and achieve their individual goals. Therefore, effectively managing employee performance is critical to organizational success . . . “

[How To Measure Organization Innovativeness: An Overview Of Innovation Measurement Frameworks And Innovation Audit/Management Tools](#)

Prepared by Dr. Dalia Gamal; Supporting research, Eng. Tarek Salah, Eng. Nesreen Elrayyes; *Egypt Innovate*; 2011

“Abstract: Innovation is a very wide concept and has many dimensions. Measuring innovations is a very difficult task to perform. The purpose of this document is to provide readers with information that may help organizations to understand innovation and how it can be viewed and measured from many perspectives.”

[White Paper: Best Practices for Employee Performance Reviews](#)

emPerform, CRG; www.employee-perform.com; 2010

Summary: This article provides suggestions for doing standardized, quantified, and automated employee reviews.

[Lean Performance Management Public Sector](#)

Author, Patrick Mungovan, Senior Director, Industry Strategy and Mgmt., Oracle Corp.; Oracle White Paper; August 2009

“Executive Overview: When offering insights into business performance, executives frequently speak of doing things “faster” or “cheaper” or “doing more with less.” This passes, in their minds, as a successful management. Yet true performance management is so much richer than simply executing tasks more quickly or with fewer headcount.”

“The premise of this paper on Lean Performance Management is straightforward: Measurement through Key Performance Indicators (KPIs) can provide an important and necessary calibration of performance assuming that alignment exists between the organization’s mission, structure, supporting processes and performance tools/measures. Without this alignment, it’s unclear that the “right” KPIs are being measured. Further, this alignment is ultimately what ensures that the appropriate KPIs are not only defined and measured but also that a closed loop process exists to incorporate analyses back into the organization. At its essence, *performance management should influence and inform outcome management by continuously optimizing costs, quality, and customer service. This is Lean Performance Management.*”

[Characteristics of Innovation and Innovation Adoption in Public Organizations: Assessing the Role of Managers](#)

By Fariborz Damanpour, Rutgers University; Marguerite Schneider, NJ Institute of Technology; Journal of Public Administration; 2008

“Abstract: Studies of the association between innovation characteristics and innovation adoption at the level of organization are scarce. This study develops direct and moderating hypotheses for the relationship between innovation characteristics, manager characteristics, and innovation adoption in public organizations.”

Published Literature

Measurable and Continuous Performance Improvement: The Development of a Performance Measurement, Management, and Improvement System

Guerra-López, Ingrid, Hutchinson, Alisa; Performance Improvement Quarterly, Volume 26, Issue 2; 2013

Performance management systems are widely employed in organizations, yet there are high rates of dissatisfaction among users as well as significant criticism of the quality and utility of related academic research. Poor measurement of performance indicators and, consequently, poor alignment to

performance management interventions may limit the effectiveness of efforts to strategically assess and manage human performance. Following an overview of pertinent literature in human resource disciplines as well as human performance technology, we draw on relevant theories to develop a Performance Measurement, Management, and Improvement System that aligns performance measurement with strategic, tactical, and operational goals and generates meaningful data to drive performance interventions and decisions. We outline a research agenda with recommendations for research across levels and contexts of human performance as well as within different cultural settings and globally distributed organizations. Finally, we propose that empirical validation employ analytic network processing, a technique for modeling complex processes.

(Check WSDOT Library for availability)

Performance Management and Performance Appraisal in the Public Sector

Pan Suk Kim; Draft was prepared for delivery at the 2011 CEPA meeting in New York, April 4-8, 2011

The purpose of this paper is to review and discuss public performance management in general and performance appraisal and pay for performance specifically. Performance is a topic that is a popular catch-cry and performance management has become a new organizational ideology. Under the global economic crisis, almost every public and private organization is struggling with a performance challenge, one way or another. Various aspects of performance management have been extensively discussed in the literature. Many researchers and experts assert that sets of guidelines for design of performance management systems would lead to high performance (Kaplan and Norton, 1996, 2006). A long time ago, the traditional performance measurement was developed from cost and management accounting and such purely financial perspective of performance measures was perceived to be inappropriate so that multi-dimensional performance management was development in the 1970s (Radnor and McGuire, 2004).

In fact, the term “performance management” was not utilized until the 1970s (Armstrong and Baron, 2005). Since then, the language of performance has become an almost every-day feature of work in many public sector organizations, in some form or another and the language of performance has been associated with the establishment of standards or indicators to be achieved, and the audit of organizational systems to ensure conformance (Boland and Fowler, 2000). In general, performance management includes activities that ensure that organizational goals are consistently being met in an effective and efficient manner so that it involves shared vision, management style, employee involvement, incentives and rewards, competence framework, team work, education and training, attitudes, and dialogue.

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Appraising Performance Appraisal Systems in the Federal Government: A Literature Review, Preliminary Findings, and Prospects for Future Research

Dr. Ellen V. Rubin, Department of Public Administration and Policy, Rockefeller College of Public Affairs and Policy, State University of New York, University at Albany; Presented at the Public Management Research Conference, June 2011, Syracuse University; 2011

Abstract: “Performance appraisal systems are a key tool for holding civil servants accountable and should be considered as a key variable of the larger performance management equation. In recognition of this, the Office of Personnel Management (OPM) and the Government Accountability Office (GAO) each promulgated criteria for effective appraisal systems. Analyzing the OPM data through the lens of the GAO criteria reveals that less than half of the audited appraisal systems meet GAO standards. Specifically, appraisal systems are most effective in involving employees and providing feedback on

performance. Conversely, systems are weakest in differentiating between levels of performance and in providing consequences for performance ratings. These results suggest analyzing performance appraisal system structures beyond employee survey data, and provide scholars with rich research opportunities". (Check WSDOT Library for availability)

The Future of Strategic Planning in the Public Sector: Linking Strategic Management and Performance

Poister, Theodore; Public Administration Review, Vol. -70; 2010

Summary: While it has become ubiquitous in the public sector over the past 25 years, strategic planning will need to play a more critical role in 2020 than it does at present if public managers are to anticipate and manage change adroitly and effectively address new issues that are likely to emerge with increasing rapidity. This article argues that making strategy more meaningful in the future will require transitioning from strategic planning to the broader process of strategic management, which involves managing an agency's overall strategic agenda on an ongoing rather than an episodic basis, as well as ensuring that strategies are implemented effectively. Complementing this move to more holistic strategic management, we need to shift the emphasis of the performance movement from a principal concern with measurement to the more encompassing process of performance management over the coming decade in order to focus more proactively on achieving strategic goals and objectives. Finally, agencies will need to link their strategic management and ongoing performance management processes more closely in a reciprocating relationship in which strategizing is aimed largely at defining and strengthening overall performance while performance monitoring helps to inform strategy along the way. Guest editors' note: In 1942, the University of Chicago Press published a book edited by Leonard D. White titled *The Future of Government in the United States*. Each chapter in the book presents predictions concerning the future of U.S. public administration. In this article, Theodore H. Poister examines John Vieg's predictions on the future of government planning published in that book, comments on whether Vieg's predictions were correct or not, and then looks to the future to examine public administration in 2020.

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Performance Management in the Public Sector: Past Experiences, Current Practices and Future Challenges

Sven Modell; Australian Accounting Review; Volume 15, Issue 37, pages 56–66; November 2005

This paper reviews developments in research into public-sector performance management over the past 20 years. Particular attention is paid to four increasingly influential research approaches in this area: multidimensional stakeholder approaches, the balanced scorecard approach, institutional approaches and the radical learning approach. Opportunities for applying these approaches in further research are also outlined. These opportunities are discussed in light of changing reform agendas centred on growing concerns with managing outcomes and relative performance evaluation as means of fostering an enhanced citizen or beneficiary orientation, inter-organisational collaboration and learning in the public sector.

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The performance framework: a systems approach to understanding performance management

Saltmarshe, Douglas; Ireland, Mark; McGregor, J. Allister; Public Administration and Development, Volume 23, Issue 5; 2003

The article presents a framework for better understanding the nature of performance in organisations involved in the provision of overseas development assistance (ODA). It uses a case study to illustrate the

three main features of the framework which are: goals, performance assessment and performance management. It is asserted that a vibrant performance culture is one which links these features together to form an organisation capable of continual improvement through producing effective learning. Organisational culture determines the nature of linkages between the three sub-systems. The article stresses how the notion of performance may extend beyond various forms of evaluation and scrutiny to being part of a sentient learning system rooted in an organisation's culture and structure. The article concludes with consideration of key issues associated with the generation of a reflexive learning organisation operating in the ODA sector. These are concerned with understanding the role and nature of systems, organisational vision, the embracing of diversity, training and accountability.

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Strategic Performance Management: Development of a Performance Measurement System at the Mayo Clinic

Curtright, Jonathan W.; Stolp-Smith, Steven C.; Edell, Eric S.; Journal of Healthcare Management, Volume: 45 Issue: 1; January 2000

Managing and measuring performance become exceedingly complex as healthcare institutions evolve into integrated health systems comprised of hospitals, outpatient clinics and surgery centers, nursing homes, and home health services. Leaders of integrated health systems need to develop a methodology and system that align organizational strategies with performance measurement and management. To meet this end, multiple healthcare organizations embrace the performance-indicators reporting system known as a "balanced scorecard" or a "dashboard report." This discrete set of macrolevel indicators gives senior management a fast but comprehensive glimpse of the organization's performance in meeting its quality, operational, and financial goals.

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Models used in other State DOT's (from email survey)

Illinois DOT: Do not do have such a model.

Montana: Do not have such a model.

Virginia DOT: Managers establish performance metrics targeting key strategic business objectives. This is not an automated effort, but handled within each business unit with ultimate oversight by an agency executive. How this translates to individual performance expectations depends upon the agency objective and the unit's impact on that objective.