



2015-2016

Performance Management Workgroup Report

Ingrid Fahr, Irvine
Janna Le Blanc, Riverside
Karla Wood, UC Office of the President

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Executive Summary

Performance management is a process for establishing a mutual understanding between the employee and employer about what is to be achieved by the employee, as well as, how it is to be achieved. It is a method of managing people that increases the probability of the employee achieving his/her goals consistently by utilizing constant communication and clarification.

As the University of California (UC) progresses toward a Pay for Performance program where merit increases are tied to performance appraisals, it is necessary to evaluate current practices, determine best practices and make recommendations to ensure there is a consistent framework of procedures and expectations that all staff and managers can follow.

The Council of UC Staff Assemblies (CUCSA) Performance Management Workgroup was tasked with analyzing how UC as a whole can improve on a low scoring area of the 2015 Staff Engagement Survey that fell under the Performance Management category in the question “*I feel my personal contributions are recognized.*”

The workgroup solicited information from various resources on each campus, such as CUCSA delegates, human resource representatives, data and written results from the 2015 Staff Engagement Survey, as well as online sources. The information that was gathered was used to determine appropriate recommendations that would help improve future engagement survey scores. Key recommendations are listed here and additional recommendations are contained in the full workgroup report.

- The Employee Engagement Survey has proven to be a valuable and crucial tool in identifying issues campus wide, and should be continued on a bi-yearly, or regular basis
- Transparency in Performance Management process and outcomes is critical to ensure buy in at all levels
- The correlation between adequate preparation in a performance appraisal and the new UC merit based plan needs to be clearer to employees
- Performance Management Training is critical for success--Mandatory supervisor training needs to be actively advocated for on all campuses
- Service Awards need to be harmonized across campuses to create a more unified approach to recognizing UC service

If we want staff to appreciate what UC has to offer, then UC leadership must increase its efforts to mandate and establish systemwide guidance on staff recognition. This may be

done through enhancements in the new Performance Based Merit Model including the Annual Performance Appraisal Processes, or the Service Awards. Without a mandate from UC leadership locations will be pressed to continue doing what they have been doing, which as, as outlined in this report, is a good start, but more work is needed. Moreover, if changes are to be reflected in the next round of Engagement Survey Results, steps must be taken now to shift how Performance Management is viewed and addressed system-wide.

Introduction

The Council of University of California Staff Assemblies (CUCSA) formed a workgroup to examine various components of performance management, specifically as it relates to recognition of UC employees' individual contributions.

Increasing attention has been focused on UC's performance management principles and metrics as the University implements a "Pay for Performance" model of merit-based salary increases and the continues its efforts to be an employer of choice.

To this end, an employee engagement survey was developed by CUCSA and the UC Office of the President's systemwide Employee Relations unit, to help university leaders, managers, and supervisors better understand the views, experiences and needs of policy covered staff on a range of topics related to working at UC, including career development, performance management, staff engagement and workplace interactions. Results from the survey helped determine areas where progress has been made, as well as areas that may need further effort and focus.

The survey was constructed and administered in 2012 and served to establish a baseline. It was administered again in 2015. Each UC location was surveyed and statistically relevant data was reported at the location and systemwide levels.

Overall, UC scored poorly in the area of performance management on the 2015 Employee Engagement Survey¹, particularly on the question regarding recognition of individual contributions. This workgroup looked at systemwide performance management strategies and the methods used to assess performance. It also examined best practices for acknowledging staff contributions; pay for performance and the streamlining of staff service awards, which are given out at each of the locations.

A 2010-11 CUCSA workgroup examined systemwide performance management practices, and identified several areas as roadblocks to success²:

- Lack of support and enforcement in different areas of the system
- Resistance to change and lack of cohesion at all levels of the system
- Inadequate preparation, documentation, and training of all parties involved
- Lack of integration throughout the system (particularly the payroll system)
- Uneven application of process measures
- Lack of reward or incentives

These areas continue to be challenging for UC. However, the shift to Halogen software-based performance evaluations has helped streamline the review process for campuses. In addition,

UC is now progressing through its implementation of UC PATH, which will culminate in a unified payroll system for all UC campuses.

CUCSA Employee Engagement Survey

The need to evaluate the current performance management processes at the University of California is driven by several factors, none more evidenced than by the systemwide results of the 2015 CUCSA Employee Engagement Survey. From March 30th to April 24th, non-represented UC Career staff (i.e. professional and support staff, management), with at least 1 year of service were invited to take the survey. A random sampling was selected based on campus/location. The survey contained 37 questions focused on the following areas: Engagement, Career Development, Communication, Image/Brand, Organizational Change, Performance Management, Supervision, and Working Relationships.

The primary objectives of the survey were:

- Understand the current state of engagement of the UC workforce systemwide and how it differs by key organizational segments and demographics;
- Determine what drives engagement at UC specifically;
- Create a shortlist of actions to address issues and improve employee engagement across the system;
- Involve and communicate with leaders and employees throughout the process;
- Measure progress against 2012 Staff Engagement Survey.

While the survey data yielded several high points, one particular area that stood out as an opportunity for growth was performance management, specifically, the question on staff recognition. While some locations performed better than others in the statistical arena, the staff comments affirm that additional work is necessary to address the needs and wants surrounding staff recognition. The CUCSA Performance Management Workgroup was thus tasked with collecting data on local efforts from all UC locations including the medical centers and the Lawrence Berkeley National lab. The 3 questions from the survey specific to this topic – Question #6- *I feel my personal contributions are recognized*; Question #12- *I think my performance on the job evaluated fairly*; Question #16- *I feel my campus/location does a good job matching pay to performance* – served as the foundation for the data collected. In addition, we were asked to augment our data collection with information specific to Pay for Performance and Staff Service Awards efforts.

Employee Engagement Survey Comments

By conducting the 2015 CUCSA Staff Engagement Survey, UC was able to gather insight as to what areas are important to employees. The data collected from this survey is valuable to both CUCSA and UC Administration to allow for measuring success or potential improvements needed in specific areas. Measuring key drivers of engagement enable UC to assess whether employees are engaged and develop action plans to maintain and increase engagement.

The report from Towers Watson, which indicated that performance management was an opportunity for improvement, also included employee feedback in the form of comments. The comments helped clarify that the specific issues revolving around performance management are similar systemwide. Employees noted the same frustrations regarding the reward/merit systems, supervisor's poorly managing poor performers, and lack of supervisor training.

One UC employee noted, "To a large extent, supervisors do not have the resources, the support, or the incentive to manage performance. There is no money to reward good workers, and there are many rules that make alternative reward systems unavailable. Poor performers are entrenched, and the best technique for unloading them is to recommend them to another department. Personality (both positive and negative) has more influence on career path than ability or dedication. This is not unique to UC but is a challenge."

Another UC employee pointed out the issue of poor performers not being handled, "Problem staff needs to be more seriously attended to. They feel untouchable, and they are correct. This leads to a hostile working environment." It is clear by the comments above that employees are seeking improvements in these areas and are expecting campuses to do something to enhance the performance management process.

When the results of the survey were released, it was each campus' responsibility to relay the outcome of the 2015 CUCSA Staff Engagement survey to their respective campuses. Shortly thereafter, the campuses had time to analyze the information and develop a plan to move forward, and CUCSA leadership requested information from each delegate. CUCSA delegates were asked to report what each campus was doing in regards to action plans, processes under development, and existing implementation of any action items that address issues identified in the survey results.

Campus Action Items Based on Employee Engagement Survey Results

As a result of the engagement survey, several campuses already have action plans under development and some are in the process of implementing their action plans. Areas that are being addressed include: career development for staff, newly developed or enhanced career

development trainings, conferences and workshops, an increase or expansion in staff recognition programs, and supervisor training to assist in staff recognition.

The majority of campuses indicated that they will be improving, expanding, strengthening, and developing programs to enhance career development. In particular, UC Los Angeles will revisit its current supervisory and management training curriculum considering the engagement survey results and a training and development needs assessment which is to be piloted in July 2016. Numerous other campuses stated that they will continue to have or have recently obtained campus leadership commitment to the professional development of staff, which is an important step in making improvements that affect the staff work-life experience.

UC San Francisco is dedicated to expanding opportunities for professional development for staff through their Learning and Organization Development department. They have launched a Skill Soft online development resource with hundreds of e-courses, live events, and a video channel. Staff can now take professional, leadership, business or technical e-course; obtain continuing education; as well as, complete courses toward several business certifications, at no charge. All campuses are currently providing some type of workshop for career development in various forms including online, interactive and in person. UC Riverside and UC Santa Barbara hope to invest in more staff within Human Resources to be able to devote additional time to these initiatives.

Regarding staff recognition, several campuses reported that they have programs that are currently being underutilized. In order to increase awareness these programs, several campuses have agreed to increase local communication efforts. One campus indicated that there are discussions about the possibility of creating a central recognition rewards toolkit website with resources which could provide this information readily for all staff.

Since staff recognition has been identified as an area needing improvement on most campuses, a few campuses have made it a priority to provide supervisor training for staff recognition so that managers understand how and when they should be recognizing their staff. While each campus can have recognition programs in place, they will be underutilized if people who are in charge are not trained to properly identify noteworthy performance or do not have the tools and/or resources to do so.

Performance Management Training for Supervisors and Individual Contributors

Training for staff recognition is only a small part of the perceived lack of supervisor training that was identified through the engagement survey. A UC staff member commented on the lack of supervisor training by stating, "I do not feel my supervisors have enough training and direction to deal with poor performers and to deal out the necessary discipline." Another UC employee also adds, "I would appreciate a supervisor who actually gives me constructive feedback about my performance and would acknowledge my accomplishments."

Supervisor training for performance management is crucial in order to improve the performance management process as a whole. Intensive training is needed and the survey reinforces that staff want trained and educated supervisors. Mandated supervisory training, like UC Davis currently has implemented, would be an optimal solution but would require buy-in from the Office of the President. As an alternative, several campuses have training efforts in place that could be used as guidelines or templates for other campuses that need to expand this area within performance management.

A number of locations are incorporating coaching as a technique to enhancing performance management efforts. Two particularly noteworthy locations are UC Irvine, which has the UCI Core Supervision Performance Management Presentation which looks at performance management from a coaching perspective³; and UC Davis, which has online performance management resources outlining the key elements of coaching⁴. Either training approach, in class or online, provides a unique method to enhancing existing efforts.

The Management Skills Assessment Program (MSAP) is a highly successful program offered throughout the UC system for more than 20 years. MSAP is designed to assess, on an individual basis, the management skills of UC supervisors and managers. The program enables participants to identify managerial strengths, gain information on skills they need to improve, learn about the range of skills necessary for effective management, practice these skills in a supportive environment, and work with a manager trained to identify professional development activities. Participants demonstrate management skills in role-playing exercises that simulate typical management activities. The participant works with their assessors to design an individualized development plan based on the assessment of strengths and improvement opportunities. MSAP is based on an Assessment Center approach that integrates personnel from across UC departments, sites, and hierarchy to assess core competencies that have been identified as essential for UC managers. It contributes a unique value by using integrated assessment centers to change and foster organizational culture⁵.

The UC Online Performance Management Series (made available through the UC Learning Centers) is another resource for campuses who want to develop or enhance their performance management processes. This set of 8 online e-courses is for all staff including managers and aspiring managers who want to increase the fundamentals of performance management at the University of California. Many locations would build their online learning libraries via their own UC Learning Centers. In recent years, UC has augmented local efforts with the creation of eight UC Performance Management eCourses to help managers better prepare, these are: Performance Management Overview; Setting Expectations; Giving & Receiving Feedback; Engaging & Developing Employees; Conducting Performance Appraisals; Motivating, Recognizing & Rewarding Employees; Coaching for Performance, and Managing Corrective Action⁶. By equipping managers and supervisors with the necessary tools and resources UC is moving in the right direction.

UC's Pay for Performance Model

Benefits of a Merit Program

In order to move the University toward becoming a more performance-based organization, President Napolitano announced in 2015 that all UC locations would be required to implement a merit-based pay for performance model for policy-covered staff employees beginning in FY 2016-17. For some locations, it has been several years since such a model was used locally. While other locations are working to fine tune an already existing process. In a pay for performance model, the goal is to improve employee and organizational performance by rewarding individual employee efforts and contributions. Employees who meet the expectations of their jobs or perform above expectations, according to measurable criteria, receive an adjustment in salary based on their performance. Under the UC program, employees will no longer automatically receive an across-the-board salary adjustment.

Aligning individual employee objectives, milestones and targets with those of the University's mission and goals is one benefit of a merit program, others identified are:

- Provides the ability to attract and retain top performers
- Encourages excellence in employee performance
- Supports employee recognition, development and advancement, which leads to improved employee engagement
- Leads to improved organizational performance⁷

All UC locations have formed their own task force comprised of human resources experts and partners to address the vast complexities of a performance based merit program. As with any organizational change, communication is the key to buy-in at all levels. Ensuring that all parties are apprised of and have a good understanding for the "why, what, when, where and how" is critical. Education and training for supervisors is one component of a successful communication plan. In order to achieve a successful transition employees need to be included in the process.

In addition, employees also need training and education. However, our research found that most locations, mostly due to timing, will not likely incorporate in-depth employee guidance to assist in understanding their own critical role in their performance appraisal. Instead, this function is being left by most to their 2016-2017 efforts. Locations have been working on the implementation itself including the calibration and the distribution of the new merit plan.

Davis implemented pay-for-performance in 2015 and is uniquely positioned to work to improve areas of concern from last year's implementation. Specifically, UC Davis formed a task force to address four focal areas based on manager/supervisor feedback from last year's implementation: ratings and rating descriptions; performance management systems and tools; writing more effective performance appraisals; and calibration and distribution of merit

practices. UC Davis narrowed down the employee actions necessary to help ensure a successful performance evaluation process.

Our CUCSA workgroup feels that taking lessons learned from one location and applying them systemwide is the most efficient way for UC to enhance its efforts. Thus, our recommendations for process improvement are⁸:

- Updating rating categories and descriptions to more effectively describe employee performance; making it easy for employees and supervisors to understand and explain
- Updating and co-locating employee and supervisor training and information tools to make them easier to find and use
- Providing more frequent and effective communication from the top down to help employees and supervisors throughout the process
- Adopting the use of calibration and merit distribution principles within each school, college and division, creating a stronger framework to ensure consistent evaluation practices.

Implementation of a performance-based merit plan is a great opportunity for UC to recognize the hard working employees it employs. This will allow UC to appropriately address merit increases when 3% is not enough. It is an opportunity for managers/supervisors to address poor performers and actually work toward either enabling or motivating them to improve their performance. It is a way for employees to understand how they are contributing to the success of the University and align their career goals and development. Employees should be empowered to take control of their own career paths and understand what it takes to get there. Moving forward, the way UC manages the implementation of this process can help ensure that every employee understands the correlation between a performance appraisal and a merit based plan. Affording the process full transparency along the way will help ensure buy-in at every level.

Annual Performance Appraisal Process

Per the engagement survey results, employees want to be recognized and valued for their performance and they want clear distinctions made between good performers and poor performers. UC has made strides in this effort, such as with the development of its UC Core Competency Model a few years ago. The model “describes target, expected or satisfactory performance behaviors at the University of California, where seeking excellence in mission accomplishment is the standard. Additionally, the core competencies described in this model are expected to be demonstrated in all employee roles in the University to some degree”. This model is to serve as a foundational tool for the assessment and development of staff, managers and leaders at the University. There are nine core competencies that apply to all employees:

Communication, Diversity & Inclusion, Employee Engagement, Innovation and Change Management, Job Mastery & Continuous Learning, Resource Management, Results Orientation and Execution, Service Focus, and Teamwork & Collaboration with the tenth core competency, People Management, geared specifically at managers and supervisors⁹. This would become the basis for several UC locations to model their performance appraisal process and serve to be a good first step.

However, more work is necessary as evidenced by the Performance Management Training data collected by our workgroup. While most locations offer an arsenal of learning resources and tools, most do not make supervisory training mandatory. Herein lies the next step for UC to address – ensuring that both managers and employees understand the purpose of a performance appraisal, the standards used to measure performance, and the benefits of the appraisal. Many employees view their annual appraisals as a time to give feedback on systemwide changes or a time to express their concerns about what is not working. It is not uncommon for employees to view performance appraisals as a daunting experience of resurfacing issues from time past. It is also not an uncommon misconception to view appraisals as an annual cost of living increase since everyone, regardless of merit, not only receives an increase but also receives the same amount. It is this culture change that needs to be addressed. In fact, a well-implemented appraisal process is an opportunity for growth and development.

The annual appraisal should be a review of accomplishments based on pre-established goals in the past year. An employee should be able to understand how their performance standards align with organizational goals, as well as, why and how their performance is directly tied to the mission and goals of their department/school. This requires adequate preparation and planning on both sides of the spectrum ranging from employees being active in the performance discussions, in setting their performance standards and goals, and in their giving feedback and input on disagreements. While online tools are helpful, supervisors must help establish this rapport and ensure these are the types of conversations that take place at the start of a new review period between a manager/supervisor and their direct reports.

It is this workgroup's recommendation that a good foundation must be established for ensuring an Annual Performance Appraisal Process is effective. The fundamentals must include the following:

- Purpose of an appraisal – to measure performance in the last year based on pre-established goals. Encouraging individuals to contribute to their performance goals is one way of engaging individuals in the process. This can be addressed by providing resources on “how to conduct an appraisal discussion”
- Standards used to measure performance – how employee performance is tied to organizational goals. Understanding how individual performance is tied to a department or school's success is key to improving performance and recognizing those that excel. Helping

employees get motivated and feel appreciated can be a way to tie organizational goals to individual goals.

- Benefits of the review process – opportunities for professional development and personal growth. Helping individuals identify areas of growth and development will not only help employees own their performance, but also help them become champions for change. A guided, mandatory self-evaluation can better prepare employees to identify their strengths as well as better respond to any need for improvement.

The transition to this type of performance appraisal will take time, and will require a cultural change for UC systemwide. However, as with any change management, the sooner and the more buy-in that is acquired at all levels (enabling transparency of the process), the more likely employees will want to move toward this method of performance appraisal.

Service Awards as Staff Recognition

One of the areas this workgroup looked at was how UC service is acknowledged or recognized across the UC system. Customarily, service to the University has been documented and recognized at varying intervals. But there exists no uniform systemwide policy or process for recognizing employee service.

The 2015 UC Staff Engagement Survey results indicate that performance management received the second lowest favorable score among the six major categories of engagement. In fact, performance management at UC decreased one point from its baseline measurement in 2012, and is seven points lower than the national workforce average.

The performance management metric is composed of three questions, of which the question, *“I feel my personal contributions are recognized”*, decreased by 8 points from the 2012 baseline score. Furthermore, statistically significant differences indicate that African-Americans and Latinos, as well as staff earning between \$40,000 and \$69,000, are less likely to feel their “contributions are recognized”.

The University needs to address these perceptions. One important way to remedy this is to uniformly acknowledge and celebrate service to the University.

One key variation amongst the locations is the starting point for the number of years of service recognized. While most locations recognize employees for 10+ years of service, it is a missed opportunity to not begin at 5 years of service. UC employees are vested in the UC retirement system at the 5-year milestone, and it seems like a more opportune time recognize that service achievement, especially as we strive to retain younger employees who seek early career accolades.

Based on best UC and industry practices, we recommend the following:

- Recognition begin at 5-year interval to coincide with vesting in UC Retirement System
- Recognition be accompanied by access (free of cost or reduced cost) to educational opportunities (i.e. online or extension classes)
- Recognition be accompanied with a financial award (e.g. 5 years= \$250; 10 years= \$500; 15 years= \$750...)
- Recognition be announced in location’s premiere publications (newspaper, magazine or website)
- Awardee be recognized in public ceremony by the highest ranking UC location leader

Conclusion

This workgroup's research has determined that while UC has more work to do in the area of performance management, there are several plans, projects and people in place systemwide working hard to make UC an ideal choice for employment. Our task was to gather and analyze data across the board to identify recommendations and/or best practices in an effort to help UC executive leaders, managers, and supervisors better understand the inner workings of policy covered staff perspectives. We found hidden niches at locations performing incredible work, but limited by resources and unilateral UC support. We found effective systemwide shared practices in place, but underutilized due to of lack of communication and leadership support.

If we want staff to appreciate what UC has to offer, then UC leadership must increase its efforts to mandate and establish systemwide guidance on staff recognition through enhancements in the new Performance Based Merit Model including the Annual Performance Appraisal Processes, or through Service Awards. Without a mandate from UC leadership locations will be pressed to continue doing what they have, which as we have outlined in this report is a good start, but more work is needed. Moreover, if we want to see changes reflected in the next round of engagement survey results, we must take steps now toward a shift in how performance management is viewed and addressed system-wide.

In conclusion, our workgroup would like to make the following recommendations moving forward:

- The CUCSA Staff Engagement Survey has proven to be a valuable and crucial tool in identifying issues campus wide, and should be continued on a bi-yearly, or regular basis
- Transparency in the performance management process and outcomes is critical to ensure buy-in at all levels
- The correlation between adequate preparation in a performance appraisal and the new UC merit based plan needs to be clearer to employees
- Performance management training is critical for success--Mandatory supervisor training needs to be actively advocated for on all campuses
- Service awards need to be harmonized across campuses to create a more unified approach to recognizing UC service

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