Glossary

Definitions

The performance management module allows the use of field aliases, meaning you can rename certain system objects to match the terminology used in your company. Find here a list of standard terminology and the meaning we attach to each.

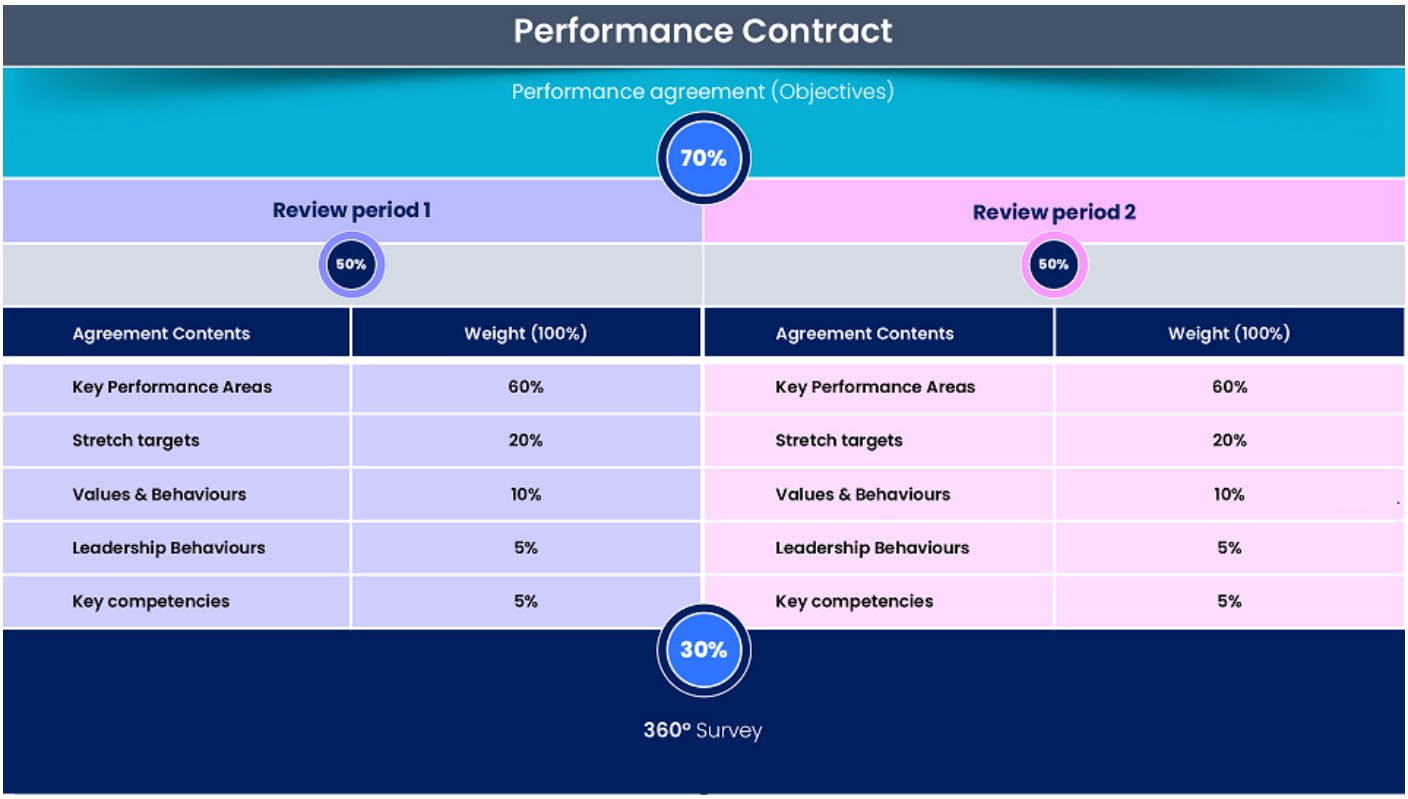
Contract, Performance Agreement, and Assessment/Review Period

We define the three interconnected concepts of

- Contract,
- Performance Agreement, and
- Assessment Period (also called a review period),

by referring to the following diagram.

There are one or more assessment periods (also called Review Periods) in a Performance Agreement. An employee's Performance Agreement contains his/her objectives. If other components (e.g., a 360-degree survey) are added to the employee's Performance Agreement, we refer to the combination as a Performance Contract. Thus, reference to a performance contract implies the Performance Agreement, but the Performance Agreement does not include the additional components - it only refers to the performance objectives.



Performance Year / Cycle

A performance year, or cycle, usually lasts for 12 months. A company's performance cycle could run from January up to December, or from July to June of the next year. One of the considerations in deciding your performance cycle might be to synchronise it with your salary increase negotiations.

Assessment Frequency (Review Frequency)

A performance year is usually divided into one or more time periods - called the review or assessment periods. The number of assessment periods in a performance year is called the assessment frequency. See below for the most used assessment frequencies:

- Annual (there will be 1 review or assessment, 12 months in duration)
- Bi-annual (2 reviews, usually 6 months each)
- Quarterly (4 reviews, usually 3 months in each)

Review Survey

A Performance Agreement is used to set performance objectives for a period. Occasionally companies combine a Performance Agreement with a review survey, also called a 360-degree evaluation, in which more general, company-related behaviours are measured.

Contracting

The process between employee and manager during which a performance contract is drawn up and approved. This happens at the beginning of the performance year, during the contract's first objective setting period.

Re-contracting

At the beginning of the second (and third, and fourth, etc.) objective setting periods, the employee and manager have the opportunity to amend the contract objectives, should it be needed due to a change in role, job circumstances, etc. The review period is opened (by clicking **MODIFY OBJECTIVES**) by the manager (first) and employee (second). It is then amended, re-submitted and re-approved.

Contract Phase Statuses

A Performance Contract follows a process as it goes between an employee and a manager for submission, approval, etc. See below the main contract phases you can expect to see on reports and the Performance Management Dashboard.

CONTRACT PHASE	CONTRACT STATUS	MEANING TO THE EMPLOYEE
Contract	***Performance Agreement Allocated***	A performance agreement was created for the employee, but no objectives were loaded yet.
Objective Setting (For each review period in the agreement)	***Objective Setting Started***	Some objectives were loaded, either by the employee or the manager.
	Objective Setting Completed - Employee	Objectives were loaded and the employee submitted the agreement.
	Objective Setting Completed - Manager	The manager considered the submitted objectives, may have discussed them with the employee, amended the objectives as needed, and approved the agreement. The rating fields for the employee and manager are now available.
Review (For each review period in the agreement)	***Review Started***	The agreement was opened in the review phase, but the employee or manager ratings were not submitted yet.
	Review Completed - Employee	The employee completed his/her self-review and submitted the rated agreement to the manager.

Review Completed - Manager	The manager completed their personal rating of the employee's objectives, considered the employee's self-rated objectives, may have discussed them with the employee, provided the final objective scores, and approved the rated agreement	
Review Survey	***Review Survey***	If part of the contract, the Review Survey Score is provided, usually by the Performance Administrator.
Contract	***Finalised***	The agreement and the review survey parts of the contracts have been completed and submitted or approved by the manager and employee.

Objective

An objective is a goal to be achieved. In Signify a KPA's KPI, a Stretch Target KPI, a Company Value, a Leadership Behaviour, and a Key Competency are all called objectives, or goals, which an employee should achieve during a performance year, and against which the employee will be measured.

Objective Setting / Setting of Objectives (-Phase)

At the beginning of a performance year, for a certain time period, the employee and their manager will engage to determine what the appropriate objectives will be for the employee's Performance Agreement. That is, what performance goals are set for the employee. This is called the objective setting phase of a Performance Agreement.

Rating (-Phase)

Towards the end of an assessment (or review) period in a performance year, the employee and their manager will engage to discuss the employee's self-review ratings, the manager's personal review ratings of the employee's performance, and then discuss the final ratings for each objective. This is called the rating phase of a Performance Agreement.

Section Weight

A Performance Agreement consists of one to 5 different sections: Key Performance Areas, Stretch Targets, Company Values, Leadership Behaviours, and Key Competencies. Each of these carries a weight to indicate its relative importance to the agreement. In the image below, in the Key Performance Areas section, the weight is 50%. Simply put, if you get an average score of 4 (out of 5) for the KPA section, its contribution to your overall agreement score will be 50% x 4 = 2.

KEY PERFORMANCE AREAS

Weight (%)
50.0

See below typical section weights for an agreement. Note that section weights must always add up to 100%.

SECTION	TYPICAL SECTION WEIGHT
Key Performance Areas	70%
Stretch Targets	10%
Company Values	5%
Leadership Behaviours	5%
Key Competencies	10%
TOTAL	**100%**

Rating / Rating Scale / Score

At the beginning of a performance year, a manager and employee discuss the employee's objectives for the year ahead. At the end of each review or assessment period (of which there could be 1 or more in a year), there follows a review. During the review, the employee provides a personal rating or score for each of his/her objectives. This is only seen by the manager once the employee submits his/her ratings. The manager also provides a personal rating for each of the employee's objectives - also not immediately seen by the employee. Each section could potentially have its own rating scale, but usually, they are kept the same. See below for an example of a typical rating scale.

Performance Rating Scales

DESCRIPTION	RATING
1 - Does not meet expectations	1.00
2 - Partially meets expectations	2.00
3 - Fully meets expectations	3.00
4 - Above expectations	4.00
5 - Exceeds expectations	5.00

During a joint discussion, the manager and employee talk about their personal ratings, and especially any rating discrepancies. The manager provides a final rating or score for each objective and this becomes the final rating for the employee's review period.

Perspective / Pillar

Perspectives are categories used to group KPAs together and have their origin in the Balanced Scorecard approach to Performance Management. Typical examples of perspectives are:

- Financial perspective
- Customer perspective
- Internal process perspective
- Learning & growth perspective

If the system is configured as such, a user must select a perspective before any KPAs can be added. Perspective categorisation can be disabled by a setting which means only KPAs and KPIs are then required in the Key Performance Area and Stretch Targets sections. Some people prefer to use the word 'pillars'.

Key Performance Area (KPA)

Key Performance Areas refer to the areas within the business for which a person is responsible e.g., Process Improvement, Safety and Health, Security, etc. A KPA is further defined by one or more Key Performance Indicators (KPI). Refer to Key Performance Indicators for further examples.

Key Performance Indicators (KPI)

A Key Performance Indicator is a type of performance measurement that acts as a compass, helping you understand how you are performing towards strategic goals or objectives. To be effective, a KPI must be well-defined, quantifiable, and crucial to achieving your goal. See below for examples of how a KPI can further define a KPA.

Also refer to the SMART model for compiling KPIs, as outlined in the reference below.

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KEY PERFORMANCE AREA **(Area of work)**	**KEY PERFORMANCE INDICATOR** **(Outcome/impact to be achieved)**
Customer complaints	Reduction in time response to resolve complaints, per quarter
Cost effective procurement	Reduction in cost spend on items sourced per supplier, per year



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Measures

The observable/measurable "proof" that will confirm a specific outcome/impact has been achieved.

Example 1

KPA: Customer Complaints

KPI: Reduction in time response to resolve complaints per quarter

Measure: Customer index rating on response time in the previous quarter

Example 2

KPA: Cost effective procurement

KPI: Reduction in cost spend on items sourced per supplier per year

Measure: Percentage saving per cost item to the previous year

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Targets / Ratings

Performance targets (as a descriptor for a KPI) help:

- To align manager and employee expectations and contributions; and
- Create clarity on what good performance means so that the individual can align their efforts and outputs accordingly.

When establishing performance targets, be specific in terms of:

- How those targets link to each other across a value chain/contribute towards a Business Unit Dashboard.
- The exact Quality, Quantity, Cost, and/or Time that would be expected from the individual.

> **Example 1**
>
> **KPA**: Customer Complaints
>
> **KPI**: Reduction in time response to resolve complaints per quarter
>
> **Measure**: Customer index rating on response time in previous quarter
>
> **Target**: Decrease from 10 days to 8 days

> **Example 2**
>
> **KPA**: Cost effective procurement
>
> **KPI**: Reduction in cost spend on items sourced per supplier per year
>
> **Measure**: Percentage saving per cost item to the previous year
>
> **Target**: Savings improvement on the previous year of 2%

> **Example 3**
>
> **KPA**: Month-end financial reports
>
> **KPI**: Reports delivered on time
>
> **Measure**: Due 28th of each month

Target/Rating:

Delivered 26th -> Rating = 5/5

Delivered 27th -> Rating = 4/5

Delivered 28th -> Rating = 3/5

Delivered after 29th -> Rating = 1/5

Key Competencies

Competencies can be used in an appraisal process to describe the major skills, abilities, and attributes that a staff member needs to be successful in a job and/or organization. (*Penn Human Resources*)

In the system, competencies can be defined for, and loaded against each job from where they become available in the Performance Management product.

Stretch Targets

A stretch target (also called a stretch goal) in the Performance Management product functions the same as a Key Performance Area objective, although the intention with a stretch target might be different. This section is called 'Stretch Targets', but by making use of the system aliases, it can be renamed to anything else. One example is a company that renamed this section to Personal Development Plan to create a space for their training initiatives on the employee's agreement.

Leadership Behaviours

Leadership behaviours are objectives in a Performance Agreement that only applies to employees in a leadership position, i.e., if the employee has other people reporting to him. Should an employee not be a manager, the section's weight will be distributed pro-rata among the remaining sections, and the section will become unavailable to the employee.

See below for examples:

Understands the fundamentals of business
Adopts a long-term view and has line of sight
Obtains first-hand customer information and uses it to improve service delivery
Considers the broadest possible view of an issue or challenge
Performs regular benchmarking activities
Creates competitive and breakthrough strategies and plans
Is aware of how strategies and tactics respond to and perform in the marketplace

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Company Values and Behaviours

Company values and behaviours are clear statements of how you expect people in your company to act. By identifying your values and behaviours and making them explicit, you shape your company's culture. This is important because the company values and behaviours provide a moral compass for the employees, establish a basis for consistent decision-making by everyone, and can give some guidelines for internal processes. Company values and behaviours are used to measure an employee’s performance against the company’s internal values and will automatically form part of each employee's performance contract.

See below for typical examples:

Innovation & Entrepreneurship
Quality and Efficiency
Customer Focus
Fostering Positive Relationships
Supporting & Co-operating
Motivating and Inspiring
Developing Self & Others
Communicating Effectively

Employee / User / Learner

In the system, we refer to system users, or just users, when we speak about people using the system in a non-administrative and non-managerial capacity. If the product under discussion leans towards the training suite, we may refer to users as learners. When a product clearly functions in a manager-subordinate environment (e.g., Performance Management), we prefer to talk about employees and their managers as that is usually the relationship. Please see employee, user, and/or learner as interchangeable.

Manager / Performance Manager / Line Manager

A manager in the sense of the system is a person with other people reporting to him/her. Organisationally, a manager might be called a line manager. Considering the Performance Management product, your manager is your Performance Manager. Going towards the training suite, you may encounter a training manager. In respect of the products in the system, all these kinds of managers could be the same person or completely different people. Please refer to a user/employee's Reporting Lines to see who is fulfilling each of these roles. Please see manager, performance manager, and/or line manager as interchangeable.

Pre-moderation Rating / Final Rating

During the review discussion between a manager and employee, a final rating or score is determined by the manager and entered into the system. For the review period this is the final rating, but technically speaking any 'final rating' is subject to the company's moderation committee's decisions and potential amendments. Therefore, we prefer to label the final rating in a review period as the pre-moderation rating, alerting users to the fact that this might not be the final rating.

Moderation / Calibration

After completion of a full performance cycle's review periods, and the subsequent calculation of the final contract scores, these scores - and the employee contracts supporting them - are usually sent to a moderation committee, also called a calibration committee. They have the mandate to ensure fairness across employees, managers, departments, etc. and they may amend final scores.

Submit vs. Approve vs. Modify

When an employee is done loading agreement objectives, he/she needs to **submit** the objectives to their manager for consideration. Submit does not imply approval - only the manager can approve an employee's objectives. The manager considers, discusses, and changes (if needed) the objectives and eventually **approves** the agreement. Should changes to an approved agreement be needed, the manager (first) and employee (second) must **modify** the agreement, opening it up for editing.

The same three actions are required when going through the agreement review process:

1. Employee self-rates his/her objectives and **submits** the scores.
2. Manager does a personal rating, then provides the final scores and **approves** the review period.
3. Should a change be needed, both manager (first) and employee (second) must **modify** the review before changes can be made.

Notes

An employee submitting objectives, or rated objectives does not imply the employee's approval of the objectives or their scores - it is only an acknowledgement of the fact that it is now on paper. The manager does the approval of the objectives and their scores. In this sense, the system is merely a paper copy of the physical Performance Management process followed by a company.

If an employee is unhappy with what is in the contract, a separate process is followed outside of the system, and as stipulated by the company's dispute resolution procedures.

Dual Approval

The employee contributes and collaborates 100% with the manager but is not expected to **approve** anything - he/she only **submit** the agreement or the agreement scores for consideration by the manager. The manager approves - whether it be objectives or scores.

DUAL APPROVAL = ON

The employee contributes and collaborates 100% with the manager but is not expected to **approve** anything - he/she only **submits** the agreement, or the agreement scores for consideration by the manager. The manager approves - whether it be objectives, or scores.

DUAL APPROVAL = OFF

If dual approval is not active, the manager can create and approve the contract without needing the (system) acceptance of the employee.

Check-in

After submission and approval of an employee's Performance Agreement objectives at the beginning of a review period, several months could pass before the objectives are reviewed and scored. During this silent period, a manager could do regular check-ins on employee objectives, and give direction and guidance as needed. This is what the Check-in functionality was created for: a tool for managers to keep an employee focused on his/her objectives, and to get feedback from employees on guidance given.

Value Survey

In addition to an employee's Performance Agreement (which mainly measures the employee's performance in his/her job), some companies also measure other factors, e.g. customer satisfaction (external), or to what extent an employee is living up to the company values (internal), and combine these scores with employee job performance scores to get to an employee contract score, which is clearly then not only dependent on an employee's own personal performance. A typical performance contract may therefore have these components.

> ***Performance Agreement*** *(containing the job performance objectives) = 90%*
>
> ***Value Survey*** *(containing other non-job related measurements) = 10%*

These external scores have various names, depending on what they measure. Some companies call them Value Surveys, Customer Satisfaction Questionnaires, etc.

This is an optional section in the system but should be added to an employee's Performance Agreement early in the performance process as it will affect the employee's overall score.

Switch User

A performance manager can assist an employee (or user) with certain tasks on a Performance Agreement e.g., adding objectives, but this is always done by the manager who can only see and do what a manager is allowed to see and do.

When a user is stuck and needs advice on how to proceed with the information on their screen, a Performance Management Administrator (or another person with sufficient rights assigned) can physically switch to the user's profile and see and do what the user can do. Note that all transactions completed in this way are logged against the name of the person doing the transactions - whether it is the user him/herself, or the performance administrator assisting.

Abbreviations & Acronyms

KPA	Key Performance Area
KPI	Key Performance Indicator
KC	Key Competency

CWA	Calculated Weighted Average The total contract score is first calculated separately for the agreement sections, then for the agreement, and then for the contract overall. The weight per section and objective item is incorporated into this final calculation.
RA	Revised Average. A manager can manually review the sections' final scores. The RA then becomes the new CWA.



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