Performance Management and Employee Engagement

It should go without saying that performance management is linked to employee engagement. But, surprisingly, it's not only HR that gets the connection.

Research from Aon Hewitt, detailed in the report, "2012 Trends in Global Employee Engagement," finds that performance management and corresponding processes matter to employees—and matter a lot.

Here's the lowdown. The top five drivers of employee engagement in North America are:

1. Career opportunities
2. Managing performance
3. Organizational reputation
4. Recognition
5. Communication

These categories are defined as follows.

Career opportunities: Employees' perceptions of a favorable set of circumstances for their future in the organization, including growth and advancement and including perceptions of the processes and fairness of decisions regarding employees' opportunities.

Managing performance: Employees' perceptions that the organization's formal performance management processes provide feedback and guidance to improve performance.

Organizational reputation: Employees' perception that the organization is regarded as a good place to work by those outside the organization.

Recognition: Employees' perception of the acknowledgement and favorable notices they receive from others for their contributions and accomplishments in their work.

Communication (practices): The extent to which communication is effective across the organization; often includes the perception that employees have the information they need to do their jobs well.

Each of these categories arguably figures into the performance management process, but take a closer look at managing performance and how it's defined.

The No. 2 driver of employee engagement is employees’ perceptions that the organization’s formal performance management processes provide feedback and guidance to improve performance.

Think performance appraisals don’t matter all that much? Think again.