Performance Management for Faculty and Staff

Custom Research Brief

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I. Research Methodology

Project Challenge  Leadership at a member institution approached the Roundtable with the following questions:

- What process do human resources offices and provosts’ offices use to evaluate staff and faculty?
- When during the year does evaluation for staff and faculty occur? Why do administrators structure the evaluation process this way?
- Who is responsible for evaluating employees? Who coordinates these evaluations?
- What sort of trainings do evaluators receive? Who provides these trainings?
- How are staff and faculty awarded merit-based pay? How does the process use information from annual reviews?
- Who is responsible for allocating merit-based pay?
- How do evaluation competencies inform the hiring process for new employees?

Project Sources  The Roundtable consulted the following sources for this report:

- Advisory Board’s internal and online research libraries (www.educationadvisoryboard.com)
- National Center for Education Statistics (NCES) (http://nces.ed.gov/)

Research Parameters  The Roundtable interviewed directors of human resources and associate provosts at small, private institutions and institutions recognized for innovative performance management or employee training.

A Guide to Institutions Profiled in this Brief

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<tr>
<th>Institution</th>
<th>Location</th>
<th>Type</th>
<th>Approximate Institutional Enrollment (Undergraduate/Total)</th>
<th>Classification</th>
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<tbody>
<tr>
<td>University A</td>
<td>Northeast</td>
<td>Private</td>
<td>10,000 / 14,800</td>
<td>Research Universities (high research activity)</td>
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<tr>
<td>College B</td>
<td>Northeast</td>
<td>Private</td>
<td>2,400 / 2,400</td>
<td>Baccalaureate Colleges- Arts &amp; Sciences</td>
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<td>College C</td>
<td>Mid-Atlantic</td>
<td>Private</td>
<td>2,300 (all undergraduate)</td>
<td>Baccalaureate Colleges- Arts &amp; Sciences</td>
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<tr>
<td>University D</td>
<td>Mid-Atlantic</td>
<td>Private</td>
<td>27,700 / 36,900</td>
<td>Research Universities (high research activity)</td>
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II. Executive Overview

Key Observations

The human resources department coordinates the process managers use to evaluate staff, and the provost’s office oversees the process department chairs and deans use to evaluate faculty. The two systems of evaluation follow a different timeline, and use different technology and criteria during evaluations. Department chairs and deans evaluate faculty in three categories: service, research, and teaching. In contrast, managers evaluate faculty in up to eleven competencies, including communication, problem solving, and quality of work.

Human resource departments at three institutions offer trainings for managers on employee evaluations to standardize how managers apply rating systems and orient them to the online system. The trainings encourage a higher percentage of managers to complete evaluations. Human resources also educate managers about professional development opportunities for staff during these performance evaluation trainings.

Human resources use constituent relationship management systems (CRM) and Excel spreadsheets to collect and distribute data from the evaluation process, analyze data, and store evaluations. At Susquehanna University, human resources staff collect evaluation information on paper before transferring it into an Excel spreadsheet, which they use to compare employee ratings. At College D, managers use internally developed software to evaluate staff and submit completed forms to human resources. Faculty at College C build digital portfolios through a software called Activity Insight; they record their published work, campus involvement, and student feedback. When managers use paperless systems to evaluate employees, the process requires fewer resources from deans’ offices and human resource departments, although some faculty resist the implementation of new tools.

Managers evaluate the majority of staff in the April or June to correspond with the end of the budget cycle; some departments use a different timeline because the budget cycle conflicts with the departments’ peak demand for services. Facilities and businesses offices complete evaluations in the fall, because spring and summer are their busiest times of year. Faculty complete the annual review process in the winter, except during years when they undergo tenure review.

Rating systems, goal-setting, and staff training plans are the most common components of the annual performance evaluation process. Several contacts report a shift from ratings-based evaluations to goal-oriented assessment. During the evaluation process, employees set individual goals aligned with departmental goals and managers evaluate progress towards these goals. All institutions mandate or encourage managers to meet with employees outside of the annual review process to discuss progress towards these goals and trainings staff should enroll in to meet them.

Managers allocate merit-based pay to employees in accordance with annual review results. Merit-based pay is allocated as a portion of total pay increase a department may award. College C convenes a committee of the provost, associate provosts, and college deans to discuss staff nominated for merit-based pay.
III. Performance Management Process

**Process for Staff**

*Overview of Staff Performance Evaluation*

Managers perform annual formal and semi-annual informal reviews of staff under their purview. They complete forms about staff performance; data is collected through ratings and open-ended comment boxes. Employees also set goals, and at College D and University A, create a training plan. Managers and human resources staff use this information to suggest professional development and award merit-based pay.

**An Overview of Staff Performance Evaluation Process**

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<tr>
<td>Managers attend employee evaluation training</td>
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<td>Managers download evaluation forms from the human resources website</td>
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<td>Managers complete evaluation forms</td>
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<tr>
<td>Managers meet with staff to discuss progress, set goals, and create training plan</td>
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<tr>
<td>Managers submit evaluations to human resources with merit-based pay recommendations</td>
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<tr>
<td>Senior staff meet to confirm merit-based pay recommendations</td>
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**Budget Cycle Determines Timeline for Most Staff Performance Evaluation**

For most staff, the institution’s budget cycle determines the timeline for the annual review process. Managers begin the annual evaluation process in late-Spring, usually in April or May. At College C and College D, the deadline for managers to return the form to human resources is late-May or June. At College B, managers must turn in completed evaluations to human resources by July 31st, a month after the budget cycle ends. The evaluation process is aligned with the budget cycle at University A, but occurs earlier in the year. Human resources distributes evaluations in mid-February, and managers meet with their staff in March. Departments distribute merit-based pay in April, so managers must return evaluations before that time.

At College D, all staff are evaluated on the same timeline; however at College B and College C, managers in certain departments evaluate employees on a separate schedule. Department chairs at College C complete evaluations for support staff in academic departments by mid-May rather than late-May, because many faculty, including the department chair, leave campus during the summer. At College B, staff in facilities and the budget office initiate their evaluation process in the fall because summer is the busiest time of year for these departments.

At College C, managers complete the formal annual evaluation process in the spring, and are also directed to complete a goal-setting session with staff in late-summer or early-fall and an informal evaluation in the winter. However, human resources staff do not collect any documentation of these informal evaluations, and contacts are unsure of how many actually occur. In contrast, at College D, managers have formal evaluation meetings with staff two or three times during the year outside of the annual evaluation process. During these meetings they adjust staff goals and training to match changing departmental priorities.
Immediate Managers and Senior Managers Responsible for Staff Evaluation

At all institutions, immediate managers hold the primary responsibility for staff performance evaluations. Involvement of higher levels of management only occurs if a staff member underperforms. Managers download the evaluation from human resources websites or portals. They typically complete the forms with input from the staff member under review. At College D and College B, human resources collects the completed reviews via online platforms; at College C and University A, reviews are collected in paper format, and a human resources employee enters data into a master spreadsheet. Human resources staff at College B and College C then review the data, flagging notably low ratings for follow up in the form of performance plans and suggested trainings. At College C and University A, staff with especially high ratings are eligible for merit-based pay; at College B, they may receive non-monetary talent recognition.

Staff Managers Receive Training from Human Resources on Evaluation Process

Human resources staff at College B and College D both host training programs on performance evaluation for managers. In contrast, human resources staff at College C do not provide training for managers because they lack the staff.

At College B, the workshops are optional and open to staff managers and faculty who manage staff. This year, the human resources department hosted the workshops in May immediately before the performance evaluation deadline. Contacts note earlier in the year would be optimal because it allows for more time between the trainings and the evaluation period. The workshops accomplish two goals:

- **Clarify Rating System**: Managers understand what each point on the scale they use to evaluate employees means, creating greater consistency in ratings across managers and departments.

- **Encourage Higher Participation**: A higher percentage of managers complete the staff evaluation process and return completed forms to human resources.

The Learning and Development Office within the human resources department at College D coordinate training for managers on staff evaluation. Trainings include in-person presentations with screenshots of the online evaluation system and online training on the human resources department website.

Human resources staff at University A conduct trainings themselves and contract consultants to train managers. However, these trainings do not explicitly discuss the forms managers use to evaluate employees. Instead, they offer courses on topics such as how to help underperforming staff and how to give constructive feedback. Managers self-enroll in these courses, although some may participate as part of the training plan they develop with their senior supervisor.
Faculty Performance Evaluation Occurs at the End of the Budget Cycle

The provost’s office manages faculty evaluation, which contacts report is more qualitative than staff evaluations. Faculty at College C complete the annual review process in the winter, while faculty at College D complete the annual review process at the end of the budget cycle in May and June. The annual review process is separate from the tenure review process, which occurs during the third year and sixth year of employment. However, faculty undergoing tenure review do not receive annual performance evaluations. The human resources department is tangentially involved with the process; it does not receive copies of completed evaluations, only merit-based pay recommendations from department chairs.

An Overview of Faculty Performance Evaluation Process

1. Department chairs attend faculty evaluation training
2. Faculty complete evaluation portfolio and submit it to department chair
3. Department chairs complete evaluation based on portfolio
4. Department chairs and faculty meet to discuss progress and set goals
5. Department chairs review faculty evaluations and recommend merit-based pay
6. Deans and provosts meet to review merit-based pay recommendations

Faculty Self-Evaluate for Teaching, Service, and Research

At College C, department chairs and deans review non-tenured faculty every year and tenured faculty every other year using a process the provost’s office standardizes across colleges and departments. Faculty performance evaluations involve more self-evaluation than staff evaluations. Although staff may develop performance goals or complete a short self-evaluation form, faculty submit a portfolio that evaluates their performance in teaching, service, and research.

Department Chairs Receive Training from Human Resources and Professional Associations

Faculty who manage staff at College B may participate in human resource employee evaluation trainings. At College C, all department chairs attend workshops offered by the Council for Independent Colleges, a professional organization for administrators in higher education. Workshop titles from the 2012 conference include “Preventive Law II: Adhering to Process and Institutional Policies- Faculty Evaluation” and “Dealing with Difficult Colleagues.” The conferences last two and a half days and are held in four locations across the United States.1

Faculty Create Online Portfolios to Track Publications and Campus Involvement

Prior to purchasing Activity Insight, faculty at College C entered their scholarly research, course evaluation results, and campus involvement into a Microsoft Word template, which they sent to administrators. Through Activity Insight, faculty use drop down boxes to record types of publications, conferences, grants, campus committees, and fellowship advising. Comment boxes allow them to offer details, such as quotations from course evaluations and article abstracts.

Transition to New Evaluation Technology

After selecting Activity Insight, the vendor held three trainings on the software for all faculty at College C. Because creative writing faculty do not have academic publications, the vendor held a separate training them to determine how to categorize their publications. The first year after administrators purchased Activity Insight, faculty could choose to use the software or submit the information in an electronic document; in subsequent years it has been mandatory. The provost’s office continues to receive email feedback on the system and hold trainings for new faculty and department chairs on most effective use of the software.

Managers Submit Staff Evaluations Using an Online Form

At College B, human resources recently started scanning each performance review and attaching a digital copy to personnel files. Managers at College C download the annual review forms from the human resources website. However, they deliver the completed staff reviews to human resources on paper, and then a student worker enters the ratings into an excel worksheet. College D integrates the most technology into their evaluation system. After evaluating software from different vendors, administrators decided to build their own system. Linked to the human resources portal, this program allows managers to evaluate their employees and submit results directly to the human resources department online. All human resources staff report satisfaction with digital performance management tools, because it reduces their workload and requires fewer resources.
IV. Merit-based Pay

Process for Staff

Merit-based Pay for Staff Determined by Supervisors and Department Chairs, Correlated to Annual Review

Staff evaluations are tied to the annual budget cycle because merit-based pay must be determined by the end of the cycle in late-spring. At most institutions, all staff within a department receive a standard annual salary increase. Staff with high performance evaluations receive an additional salary increase in the form of merit-based pay. For example, at College C, a department will receive a percentage of the budget for increased pay across all employees and department heads must determine what percentage to award as a standard increase and what percentage to award as merit-based pay. A high performing employee may receive a 2.6 percent pay increase, while an average or underperforming employee may receive a 2.4 to 2.5 percent pay increase. At College C, merit-pay is based almost entirely on the annual review ratings; at University A and College D, annual review ratings serve as guidelines for managers but they consider other, more qualitative data as well.

Excellence Bonus

Employees at College D can receive up to $2,000 as an excellence bonus separate from annual review-based merit-based pay for above average work on a specific project.

College B Hesitant to Implement Merit-based pay

Contacts at College B report certain logistical and philosophical challenges to enacting a merit-based pay system:

- Employees must understand what types of monetary rewards (e.g., merit-based pay, excellence bonus, etc.) they can receive for exemplary performance, which is difficult to determine when July increases are determined in May.
- Evaluations must be standardized across managers and departments.
- At institutions of higher learning, money is not the first motivation for most staff; they are working at an institution for a broader societal purpose.

Process for Faculty

Department Chairs and Deans Award Merit-based Pay for Faculty

At College C, deans and department chairs award merit-based pay using the same system as staff merit-based pay. Each department receives funds designated to increase faculty salaries. Within that increase, department chairs distribute a certain percentage equally across all faculty as a standard annual raise and a certain percentage to exemplary faculty as merit-based pay. Department chairs recommend faculty members for merit-based pay based on their annual performance ratings, which they forward to the dean of their college. In April, the deans, provost, and associate provosts meet to discuss the results of faculty evaluations. Although participants do not specifically address merit-pay decisions made by deans and department chairs, they do discuss faculty with particularly high or low ratings.

High-level discussion of faculty performance creates a system of checks and balances; deans discuss inter-departmental faculty and ensure that faculty with high ratings are not overlooked for merit-based pay.
Elements of Successful Systems

Consistency Among Evaluation Grades and Communication Between Managers Critical to Successful Merit-based Pay Systems

Although separate offices coordinate performance management for staff and faculty, successful merit-based pay systems share certain characteristics.

Characteristics of Successful Merit-based Pay Systems

Inter-department Employees Receive Multiple Sources of Feedback

Evaluations for employees that work for multiple departments, or who provide a service to a number of departments, are the most difficult to complete. For example, a manager may deliver a positive evaluation without knowledge about an employee’s poor performance in another department. Managers can learn if an employee’s work is unsatisfactory outside of their purview and conduct accurate evaluations through meetings of senior supervisors before they award merit-based pay.

Managers Evaluate Employees Consistently Across Departments

All contacts report that consistency in ratings across managers, departments, and colleges challenges the effectiveness of a merit-based pay system. At College B, the human resources department offers manager trainings designed specifically to increase uniformity in how they apply rating scales. At College D and University A, review forms have moved to system with fewer rating scales and more opportunities for managers to evaluate employees’ progress towards individual goals. Although these systems include some subjective measures of success by managers, they are comparative across employees.

Employees Understand Expectations and Possible Outcomes of Merit-based Pay

Employees must understand how the merit-based pay system works, what the expectations are for employees who receive merit-based pay, and the amount of merit-based pay they may receive. Because many managers do not know how much merit-based pay they can allocate for the next budget cycle until the end of the following budget cycle, informing employees about their potential allocations is difficult. Transparency in the allocations department, announcements about eligibility for merit-based pay awards, and consistency from year to year inform employees about the merit-based pay process.
V. Outcomes of Performance Management Process

Outcomes for Employee  
*Employee Evaluation Includes Training Plan and Goals*

Several contacts report increased emphasis on employee goals during the evaluation process. Managers and staff use department goals as guidelines to determine individual goals for each employee. For example, if the department aims to increase its efficiency, an employee may aim to improve their time management. At College D, managers must meet with employees two or three times throughout the year to discuss progress on goals; they record the discussions in a form that they provide through an online system to human resources. Human resources administrators at College C recommend managers meet with employees throughout the year, so that performance management is an ongoing process instead of an annual event. However, they do not collect information on whether these meetings occur. Contacts at University A stress that regular informal meetings should prepare employees for the evaluation results, and feedback from performance evaluations should not surprise employees.

Although the use of goals in the performance management process is standard across institutions, trainings for employees based on the annual performance review are not. At College C, managers recommend additional trainings for staff informally, so human resources receives no record of them. Similarly, whether managers at College B recommend trainings varies widely by department and manager. In contrast, managers at College D and University A integrate training into the annual performance review process. At College D, staff and managers create a training plan during the formal review process. Staff at University A can participate in training in technical areas through internal and external trainings, and more general competencies-based trainings from human resources on topics like communications and diversity. Ultimately, managers terminate employees who fail to meet goals and achieve an acceptable rating on competencies even with the help of trainings.

Impact on Hiring Process  
*Annual Review Competencies Inform Job Postings*

Managers at College D and University A refer to department competencies from the annual review form to create job descriptions. Functional- and department-specific descriptions supplement the more general job description based on performance evaluation forms. Although managers at College C and College B may use evaluations to inform the hiring process as well, human resources has not formalized the process and it varies by manager.

At University A, supervisors use competencies measured in the annual review form to create interview questions for job candidates. Questions based on competencies ask prospective employees to describe how they apply a competency in their current position, or an instance in which they have demonstrated the skill in a professional role.