

The Third Annual Employee Relations Benchmark Study:

A Look at Performance Management Practices

Employee relations leaders frequently request data related to performance management practices. We surveyed employee relations professionals from enterprise organizations, representing 4.4 million employees globally, to gain insight into how they handle performance-related employee issues.

1 Common Performance Management Practices



Employees with < 1 year of service can be terminated for poor performance without a formal plan

< 6 mo. of service = employees not eligible for severance

4-step progressive discipline system:

1



Oral Warning Or Counseling Session

2



Written Warning Recorded

3



Suspension Or Unpaid Layoff

(Length Can Vary)

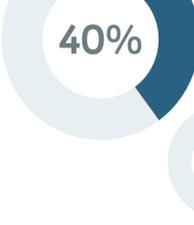
4



Discharge

“ - Documentation occurs when poor performance begins.
 - If we know early on that an employee is not working out, we either start Corrective Action or terminate.
 - Issues are documented in our ER case management system, summarizing the performance concerns and basis for termination. ”

2 "PIP or Package"

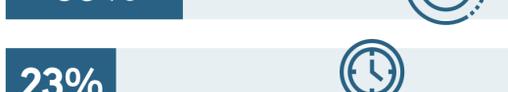
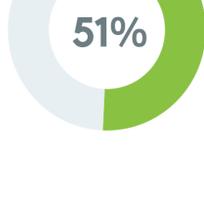


40% of organizations offer the option of severance in lieu of a Performance Improvement Plan (PIP).



Of those, 37% reported that more than 50% of employees opt for severance over a PIP.

51% of organizations base the package amount on a combination of length of employment, level of role and other factors.



35% give employees 48 hours to decide, while 23% said there is no definite time period.



Other common practices when offering PIP vs. Package

- Only offered when the employee can't turn things around, doesn't have the skills to do the job, or has become distractingly disengaged
- Employee must have received prior formal performance management, the manager must demonstrate employee is unable/unwilling to meet expectations, and must have legal support
- Almost always reserved for senior management level employees

3 Severance: Performance-Related vs. Non-Performance Related



33% of organizations reported severance is the same for both scenarios.



60% reported the package amount for performance-related situations is less than a package for non-performance related terminations.



27% offer severance for both performance related and non-performance related involuntary terminations.

42% of organizations provide severance for mutual terminations.

4 Exit Interviews

How they're executed:



53% of organizations conduct exit interviews using online surveys.



41% rely on phone or in-person interviews, with more than half conducted by HRBP/Generalists or ERPs.



14% don't do exit interviews.



Only 23% cite a 51% or better completion rate.

While 86% of organizations are initiating exit interviews, many don't close the loop and are missing out on valuable information that can be used to improve processes, culture, etc.



Exit data and analytics show trends and can be used to:

- Learn of any outstanding or previously unknown issues to improve organizational practices
- Spot trending reasons for leaving, and identify risks, areas or managers with high attrition rates
- Enhance recruitment and training efforts
- Find out where employees are going - keep a pulse on the competitive landscape

Interested in learning more?

Get the full Third Annual HR Acuity Employee Relations Benchmark Study.

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