

Getting Performance Management Right

Closing the confidence gap





Introduction

Performance management has always been central to how organisations align their people with a larger purpose. Today, the opportunity is to strengthen that alignment and ensure every employee feels confident they are on the right track. The question is; *“Are you realising the full potential of your people?”*

ELMO's latest [Employee Sentiment Index](#) (ESI) sheds some light on this issue by revealing a gap between perception and reality.

While **81%** of Australian employees say they understand their goals and expectations, only 31% strongly agree. In New Zealand, it's **79%** and just **26%** respectively. Interestingly, only **38%** of Australians and **31%** of New Zealanders say their organisation has a structured performance process with clear criteria and regular reviews.

When employees don't receive regular, structured reviews to motivate their performance, it can create a disconnect and risk of potential burnout, demotivation, attrition and (of course) business performance.

This means that there's a golden opportunity here for your organisation to grow capability, retain the best talent and improve productivity.

Why does alignment matter?

It's not quite enough for employees to simply know *what* their goals are. They also need to understand *how* their work contributes to business outcomes and believe that their performance is being evaluated fairly.

As the ESI data shows, in Australia, 72% of employees say their performance is assessed fairly and transparently, but only 27% strongly agree. In New Zealand, 70% say the same, but just 26% strongly agree.

Closing the feedback gap

Helpful and consistent feedback emerges as one of the main issues at hand.

In Australia, only 42% say they receive helpful feedback often enough. 35% say they get some, but not as often as needed. Worryingly, 18% of Aussies rarely or never receive it.

For Kiwis, just 35% say they get helpful feedback often enough, 45% get some but not enough, and 18% say they rarely or never receive it at all.

The issue is that without regular feedback, reviews become just another routine task instead of a growth opportunity. Managers may simply go through the motions. Employees can disengage. Opportunities for real communication can be missed.

Modern performance management calls for a shift from basic annual reviews to more regular two way conversations. From top down evaluations to shared accountability. From vague ratings to real development.

Why is performance management such an advantage?

When it's done well, performance management isn't about ticking boxes. It's about:

- Aligning people with strategy
- Boosting motivation and clarity
- Creating space for feedback and growth
- Creating true role ownership.

But without a solid structure, performance reviews run the risk of becoming reactive and 'rearview mirror' based. Managers fall back on instinct or mere paperwork. Employees are left guessing. Critical conversations get missed.

What's the impact of misalignment?

Poor performance systems don't just frustrate individuals. They lead to disengagement, high turnover risk and fractured teams.

That lack of truly useful and genuine feedback can undermine trust, suffocate growth and weaken your organisation's culture.

Why individual and organisational performance must stay connected.

When employee goals and business priorities aren't clearly connected, people can think they're performing well while missing the mark entirely. This misalignment wastes effort and misses the opportunity to drive effective business results..

Confidence suffers too. It means employees might understand their responsibilities, but they're not confident that their work is recognised or fairly assessed.

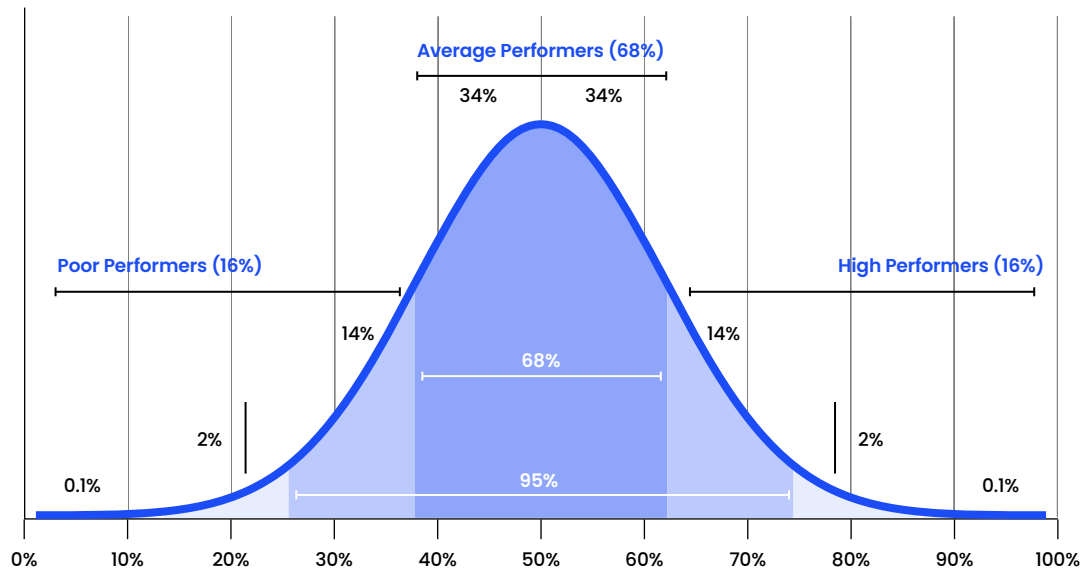
To fix this, organisations need to:

- Make goals visible and aligned at every level
- Provide regular, helpful feedback
- Use performance conversations to link individual effort to team and business impact.

A well structured system builds trust and helps people focus on what matters while giving managers the tools to guide performance constructively.

For example, a team member might believe that they're performing well, but since their work is not clearly connected to overall organisational objectives, their overall performance is 'moderated' to fit into an 'assessment bell curve', as you can see below.

The assessment bell curve



What's worse, if individual performance is rewarded with a bonus or a remuneration boost, the company might just be paying out for perceived high performance that falls short of the organisational goals.

How do you build a better performance culture?

A strong performance culture isn't built on 'good intentions'. It needs structure, consistency and the right tools. That means:

- Clear goal setting frameworks like KPIs and OKRs
- Regular check-ins, not just annual reviews
- Timely, personal and constructive feedback
- Shared visibility across relevant teams
- A real understanding of what success looks like.

What's the difference between KPIs and OKRs and why does it matter?

Both KPIs and OKRs have a role to play in a strong performance framework and are well known metrics in feedback and performance. But they serve different purposes and understanding them is key.

What are KPIs?

KPIs, or Key Performance Indicators are a more traditional approach to measuring performance. KPIs essentially show whether day-to-day goals are being achieved.

They track performance in a linear and often retrospective fashion, such as whether project milestones were met in construction, or student outcome targets were achieved in education.

What are OKRs?

OKR simply stands for 'Objectives and Key Results'. OKRs provide a structured yet flexible framework that encourages teams to focus on ambitious, forward-looking objectives and track meaningful progress.

The 'Objective' is the bigger picture. The 'Key Results' are how you measure whether an employee is making true progress. OKRs are more flexible than KPIs and are designed to promote ownership rather than working towards fixed targets.

Together, KPIs and OKRs provide a comprehensive view, but there's been a noticeable shift in the HR industry toward the adoption of OKRs for their flexibility and focus on alignment.

OKRs are a smarter way to drive performance

KPIs are useful and don't need to be discarded. However, OKRs can take performance management further. If an organisation sticks with annual appraisals and KPIs, there's a potentially missed opportunity as the focus is on the strict metrics of what's already happened.

OKRs offer a forward-thinking alternative. They give employees a clear, future focused framework for what's next and how to get there.

The objective of an OKR isn't to simply tell an employee what to do, but to help build ownership so they can shape their own path to success. That's a powerful way to build alignment and motivation.

Managers need to make the most of one-to-one check-ins

Check-ins are where performance becomes personal. They don't need to be long but they should be regular, honest, and form a part of a manager's responsibilities (and perhaps part of their own performance metrics).

Check-ins should be used to:

- Celebrate wins
- Identify issues early
- Realign expectations
- Share feedback in the moment
- Motivate and enthuse
- Build role ownership.

These check-ins should be a genuine two way conversation, not a superficial, 'top down' activity. Solid HR stewardship means ensuring your managers understand this well.

Ensure your performance process is fit for a hybrid workforce

In today's hybrid work environments, your delivery model is important. A strong modern performance process should:

- Be accessible to everyone
- Work whether you're in the office or remote
- Focus on outcomes, not just hours online
- Avoid bias based on mere visibility.

The goal is to help create fairness and the best possible outcomes no matter where people work.

What's the role of technology?

Technology alone won't fix poor performance systems, but it certainly helps good systems run better. With the right tools, you can:

- Standardise performance reviews
- Track goals and feedback in real time
- Reduce admin for managers and HR
- Make performance data easier to act on.

How can ELMO's Performance Management help?

ELMO's Performance Management gives you the tools to build a performance system and culture that works for your people and your organisation. Whether you're managing OKRs, KPIs, or development plans, the platform helps you:

- Set and align personal goals at any level

- Create and monitor goals that connect with company OKRs
- Schedule and automate check-ins across the employee lifecycle
- Track progress with data rich dashboards and reports
- Facilitate timely, structured performance conversations
- Easily report back to the executive suite
- Inform bonuses and remuneration.

Backed by local support and a connected HRIS platform designed for growing ANZ organisations, ELMO makes it far easier to manage performance well. After all, your business is only as good as its people, and managing the performance is a critical ingredient in that success.

It's time to get performance management and feedback right

Most employees generally understand their goals, but more would benefit from a structured and consistent performance management process.

Getting performance management right means closing that gap. It means building systems that support clarity, connection and consistency. If you can do that you'll unlock potential across the whole organisation.

Releasing HR's Full Potential

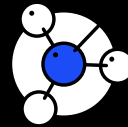
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Founded in 2002, the ELMO Group comprises ELMO Software, Breathe HR and RotaGeek. ELMO Group is a multinational provider of category-leading people management solutions, trusted by over 18,000 organisations across Australia, New Zealand and the United Kingdom.

ELMO Software empowers businesses to manage the entire employee lifecycle with confidence. With a modular platform that's backed by ISO-certified security, Australian-based data hosting, and a local support model, ELMO is a trusted partner for organisations seeking reliable, scalable and future-ready people management solutions.



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