Performance Appraisals FY15

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Organization & Talent Development
September 2015
We decided to create a report package about perf appraisals, to show the breadth of the company’s involvement in this process every year.
Performance appraisals are HR’s **most popular** process

90025 appraisals were created for FY15

78% of eligible employees created a performance appraisal for FY15
Perf appraisals are HR's most popular process. Over 90,000 appraisals were created for FY15 – that’s about four fifths of the workforce. (Much more than talent review’s current statistics.)

Of the 90,000, around 64,000 appraisal were completed and about 26,000 are in progress.
Appraisals are adopted across regions and lines of business

Highest completion in LAD with **67% completed** from 84% starting. North America has the largest population with 44% completed from 68% starting.

Hurd leads the way with **65% completed** from 85% starting. Catz shows 57% completed from 73% starting while Ellison has only 35% completed from 64% starting.
We often hear that “North America doesn’t do appraisals” and similar comments. Well, these charts show that while N America is indeed the region with lowest numbers, still around 68% of N America employees are doing appraisals. All the other regions have around 84% of employees starting.

We also hear that “my LOB doesn’t do performance appraisals” – in fact, Hurd and Catz LOBs do pay attention to perf appraisals and if anything, it’s Ellison LOBs that are lower. Yet, even Ellison has 64% starting.
Completion rates are trending up this year

Regional completion was lower in FY14 but every region shows an increase for FY15.

Catz shows four years of increasing completion, while Hurd and Ellison were down in FY14 but up in FY15.
We looked at completion trends over time. All regions shows an increase this year, after a dip in FY14. We see the same for the LOB comparison. We note that Catz has a rising percent completion over a four year trend.
Employees and managers devote time to their appraisals

- Employee self-evaluation: 1 hour
- Manager evaluation: 1 hour
- Performance conversation: 1 hour

Minimum investment: 3 hours per appraisal

Total person hours: 270,075
Total person work days: 33,759
Total person work weeks: 843

* Minimum time estimated

Calculated using 90,025 appraisals world-wide
We thought it’d be interesting to calculate the work effort for appraisals, just to give another dimension to the size and scale of what’s happening. Overall, with a three hour estimate (employee + manager time), 843 person work weeks are required to complete the appraisal cycle for the 90,000 appraisals that were created for FY15. That’s a huge effort across the company!
Final ratings favor 3 and 4 and are stable year on year

Catz has the majority (55%) with final rating 3. Hurd has roughly equal numbers of 3s and 4s. Ellison has more 4s (48%) than 3s (38%) and the highest proportion of 5s.

Changes in rating distribution are barely detectable meaning that the rating distribution is remarkably stable for the past four years.
We also had a look at the distribution of final ratings. Though we have emphasised that 3 is a good rating, we still see roughly equal numbers of 4s in the population.

Yet, if you look over time, the distribution has barely changed in four years. This is interesting because we know our business has changed (change of leadership; advent of cloud, etc.) yet performance distribution has remained stable.
Final feedback highlights teamwork and gratitude

Manager final feedback to employee centres around teamwork.

Employee final feedback to manager centres around gratitude.
We created word clouds of all manager final feedback and all employee final feedback. Manager final feedback emphasizes teamwork; employee final feedback emphasizes gratitude.
We invested in on-demand learning solutions in FY15

Performance Appraisal Training Center (PATC) is our **most popular learning asset** with 37,605 visits from March to August. Even though HR had apparently low usage, 542 unique visitors represents **57% of the HR workforce** (excl. Nolitt and Shott orgs).

On-demand e-learning is accessed from the PATC and directly from the widely circulated training schedule. **Employee tool training is most popular** (4810 learners) followed by manager tool training (1153).
Every season, we make investments in helping HR, managers and employees make a success of their performance appraisals. Our premier investment is the Perf Appraisal Training Center, where the home page was visited over 37000 times during the season. Looking at the HR page, 542 visitors implies that more than half of the HR workforce has visited this page during the season. We infer that many HR professionals are involved in supporting appraisals in one way or another and they seek help from the PATC as a resource. We also provide on-demand e-learning and consumption shows that around 4,800 took the employee tool training.
We invested in live virtual learning solutions in FY15

Live webcasts have lower attendance than e-learning, but remain a significant learning channel. New & acquired employees want to learn about the appraisal system; these sessions are heavily marketed by HR. Super user sessions reached 12% of HR community (excl. Nolitt and Shott orgs), indicating strong demand.

All course evaluations exceeded our internal minimum, 86%. Our popular courses exceeded our internal preferred satisfaction threshold, 90%. Strikingly, live webcasts score higher satisfaction than on-demand e-learning, especially prominent for Employee Tool training (93.6% vs 90.4%).
In addition to on-demand e-learning, we offer the same content in limited live virtual webcasts. These remain popular with more than 1300 employees attending employee tool training live webcasts this season.

We also evaluate many of our offerings. We are pleased that our learner satisfaction is above 86% in all cases. We are intrigued by the fact that live webcasts score higher than on-demand e-learning. It creates a dilemma since we cannot scale to offer dozens of live sessions, yet live sessions give higher learner satisfaction.
We invested in self help resources in FY15

Created **guided assistance for appraisals in MyHelp** (the first HR module to do this).

Created **15 iKnow documents** for common appraisal issues, to support self help and speedier resolution of user problems. iKnow usage is **very small** compared to PATC visits and learning consumption.

Created members-only **Oracle Social Network conversation for HR and OTD staff worldwide** who support appraisals, to facilitate global and consistent approach to performance appraisals.

![iKnow Appraisal Documents Viewed](image)
We also invested in self help resources. We created guided assistance in MyHelp for appraisals and we are proud to be the first HR module to offer this. We also experimented with our HR super user community by creating an Oracle Social Network conversation. This was intended to facilitate a global and consistent approach to appraisals (rather than regional approaches used in previous seasons).

We also invested in iKnow knowledge articles – with these articles being viewed over 800 times during the season. Again we are struck by the small number of article views here, compared to the number of performance appraisals started during the season. We infer that most people do not need process or technical support.
We have an effective production support ecosystem

Support to appraisals is only 3% of all HR support.

Service request activity is low in Q4 and peaks during Q1.

Bug activity matches SR activity at a ratio of roughly 1:10.
We partnered with HRIS and OAL to create a production support ecosystem. Appraisals is only 3% of HR support (with Recruitment taking the lion’s share of incoming service requests).

Incoming service requests are an indication of the stability of the system and the range of problems encountered, with appraisals only having around 300 service requests this season. Bugs are needed when OAL needs to investigate and we only had around 30 appraisal bugs. So overall we see a stable system that is well supported by our production support ecosystem.
Here’s the 2015 season by the numbers

- 90025 appraisals
- 37605 PATC visitors
- 4810 e-learners
- 1343 live learners
- 811 iKnow views
- 314 SRs
- 27 bugs
Overall we are looking at a high number of appraisals, then fewer numbers of learners accessing our learning, then much fewer numbers requesting support.

** e-learning and live learning numbers are for Employee Tool training only
Change is coming

- **Support**
  - Oracle Service Cloud implementation
  - September 2015

- **Competency project**
  - In progress
  - Will impact all appraisals

- **Roadmap**
  - Future technology adoption of cloud solutions
Nothing stands still at Oracle and that is true of appraisals.

First change: Oracle Service Cloud is being implemented in September 2015. This uses RightNow technology and integrates tightly with MyHelp to drive users towards more self-help. We'll evaluate the success of this adoption in the 2016 season.

Second change: competency project is underway and changes to the Core competency dictionary and job competencies will flow into appraisals. We anticipate we'll see this starting with the 2016 season.

Third change: the long-term technology roadmap is unknown but we know that Oracle HCM Cloud offers career development, goal management and performance management modules. So these may come into play in the future.
Where to from here?

- Wide adoption
- Significant time and effort from staff
- Well understood process
- Stable system
- Future change requires careful planning

- Strengthen investment in the capability of HR
- Continue investment in PATC
- Providing superior support
- Consider optimum balance of live vs recorded learning
- Strengthen production support partnerships with HRIS and OAL
So, what does this all mean?

Our current view is that:
- The process and the system are widely adopted across Oracle (over 90,000 appraisals created = about 78% of the company)
- Staff devote significant time and effort to their performance appraisals during the season
- The process is well understood (we don’t see many process questions given the number of appraisals created)
- The system is stable (we don’t see many SRs and bugs given the number of appraisals created)
- Any change to the system requires careful planning, given the broad adoption

What about the future? We have some tactical thoughts here:
- Our focus is on providing superior support to HR, managers, and employees
- We should strengthen our investment in the capability of HR to support appraisals (includes super user training, and HR OSN conversation, support to HR via SR and email)
- We should continue our investment in PATC – this is our premier support vehicle so we will make sure it has all the information that people need for successful appraisals
- We need to consider the optimum balance of live vs recorded learning. Live webcasts are still popular.
- We should strengthen our production support partnerships with HRIS and OAL. We have a good ecosystem in place and we see this to continue positively into the future.
We have identified opportunities for strategic change

- Early market trend to abandoning ratings
  - Is this right for Oracle?

- Manager capability in performance conversations
  - How do we improve this at Oracle?

- Shift from compliance mindset to engagement mindset
  - Support employee career development
Looking longer term, there are some opportunities for strategic change:

We see an early market trend towards abandoning performance ratings and moving towards a conversation-based model. Is this right for Oracle? We don’t know though we sense it is too early for Oracle to make this kind of change. We’ll continue to track this trend into the future. We have identified critical success factor in performance management as manager capability in conducting the performance conversation. We know that this is a perennial problem at Oracle and there have been investments in the past to help grow this capability. But we believe we need to do more to help managers to develop this capability.

Often we see a compliance mindset towards performance appraisals (focus on completion rates) and this is a missed opportunity. We’d like to see a move to an engagement mindset, using the appraisal as a way of opening up conversations about career development with the employee. (And this links into Insight Survey results where career development is a focus area for improvement.)
Comments and Feedback

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We appreciate your feedback, so get in touch!
Appendix: Detailed Charts
Executive Summary

• Major portion of Oracle workforce is engaged in performance appraisal process in FY15
  – 78% of eligible employees completed or initiated appraisals, down from 83% in FY14
  – 90025 appraisals are completed (64137) or in-progress (25888), which is 0.1% decrease over FY14

• Trend continues toward higher final ratings

• Higher appraisal completion rates can be assisted by
  – Partnering with business to support performance management
  – Project management, communication, and training by HR/OTD
Data Components

• Discoverer Appraisal Status Report for Oracle Global Hierarchy compiled on 08-Sept-2015

• Parameters used to determine eligible employees
  – All IC and M Level Employees
  – Active Employees (plus Inactive if appraisal in Completed status)
  – Appraisal Rank 1 (plus higher rank if appraisal given Final Rating)
  – Hire Date before 01-June-2015
  – Appraisals in Pending Appraisee Feedback Status added to Completed status (since they will convert within 30 days)
Performance Appraisals FY15 – NA Region

Appraisal Status

- 44.4% Completed: 21803
- 31.7% In Progress: 11739
- 23.9% Not Initiated: 15591

Percentage of eligible employees
Performance Appraisals FY15 – LAD Region

Appraisal Status

- Completed: 3956 (67.4%)
- In Progress: 998 (17.0%)
- Not Initiated: 916 (15.6%)

Percentage of eligible employees
Performance Appraisals FY15 – EMEA Region

Appraisal Status

- Completed: 15149
- In Progress: 5719
- Not Initiated: 4094

Percentage of eligible employees
Performance Appraisals FY15 – JAPAC Region

Appraisal Status

- Completed: 23229
- In Progress: 7432
- Not Initiated: 5617

Percentage of eligible employees: 64.0%, 20.5%, 15.5%
Completion Status by Region FY15

Percentage of eligible employees

- NA
- LAD
- EMEA
- JAPAC

Completed In Progress Not Initiated
Completed Appraisals by Region Trend

Percentage of eligible employees

- Global
- NA
- LAD
- EMEA
- JAPAC

FY12
FY13
FY14
FY15
Performance Appraisals FY15 – Catz

Appraisal Status

- Completed: 6089 (56.8%)
- In Progress: 1713 (27.2%)
- Not Initiated: 2916 (16.0%)

Percentage of eligible employees
Performance Appraisals FY15 – Hurd

**Appraisal Status**

- **Completed**: 45651 (65.1%)
- **In Progress**: 14005 (20.0%)
- **Not Initiated**: 10415 (14.9%)

Percentage of eligible employees
Performance Appraisals FY15 – Ellison

Appraisal Status

- Completed: 12397 (36.3%)
- In Progress: 10171 (35.0%)
- Not Initiated: 12887 (28.7%)

Percentage of eligible employees
Completion Status by Line of Business FY15

Percentage of eligible employees

- Completed
- In Progress
- Not Initiated

- Catz
- Hurd
- Ellison
Completed Appraisals by LOB Trend

Percentage of eligible employees

- Global
- Catz
- Hurd
- Ellison

- FY12
- FY13
- FY14
- FY15
Performance Appraisals FY15 – Global

Final Ratings

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Performance Appraisals FY15 – NA Region

Final Ratings

1 2 3 4 5

0.1% 2.4% 39.8% 45.7% 12.0%
Performance Appraisals FY15 – LAD Region

Final Ratings

- Rating 1: 0.1%
- Rating 2: 6.3%
- Rating 3: 48.5%
- Rating 4: 36.6%
- Rating 5: 8.5%
Performance Appraisals FY15 – EMEA Region

Final Ratings

- Rating 1: 0.2%
- Rating 2: 4.7%
- Rating 3: 42.0%
- Rating 4: 43.9%
- Rating 5: 9.2%
Performance Appraisals FY15 – JAPAC Region

Final Ratings

- 1: 0.2%
- 2: 5.1%
- 3: 45.1%
- 4: 40.9%
- 5: 8.7%
Final Ratings by Region FY15
Performance Appraisals FY15 – Catz

Final Ratings

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Performance Appraisals FY15 – Hurd

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Performance Appraisals FY15 – Ellison

Final Ratings

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Final Ratings by Line of Business FY15
Final Ratings Global Trend
Notes on Completion Status

• Appraisal is given Completed status when
  – Main appraiser submits final rating and clicks on Complete button
  – Appraisee enters final comments or 30 days later
  – Appraisal might be in Completed status without final rating or in other status with
    final rating (which are user errors and should be corrected)

• Contents of Completed appraisal with all elements include
  – Ratings and comments on competencies and/or objectives from appraisee and main
    appraiser
  – Questionnaires for appraisee and main appraiser
  – Third party participant feedback
  – Final rating and comments from main appraiser, appraisee feedback
Observations on Completion Status

• LAD continues to be leader in appraisal completion rate
  – Strong push from HR and regional leaders
  – More involvement of HR managers in appraisal process

• JAPAC continues with high completion rate
  – Relationship between OTD/HR/Business Groups
  – Turmoil in leadership has diverted attention this year

• EMEA also has high completion rate
  – Culture encourages performance appraisals
  – Supports transparency of process and participant feedback
Observations on Final Ratings

- Final ratings of 3 (42.8%) and 4 (43.0%) continue to be close in frequency distribution
- Final rating of 5 decreased slightly to 10.0% in FY15 from 10.2% in FY14
Recommendations for HR/OTD

• Reduce number of In Progress appraisals
  – Many appraisals in progress may never proceed to completion
  – Encourage HR managers to push business groups to complete appraisals by end of August each year

• Consider ways to address trend toward higher final ratings
## Appendix

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