OPTIMIZING HR INSIGHTS: ADVANCED PERFORMANCE QUARTILE MANAGEMENT UTILIZING WORKDAY

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Abstract

In today's competitive and fast-changing economy, organizations aim to maintain profitability by identifying and potentially eliminating bottom performers. A key strategy is the Quartile Ranking system, which categorizes employees into four groups, each representing 25% of the workforce. However, this system lacks transparency and is not typically integrated into Human Capital Management (HCM) platforms. This article explores roles, custom organizations, and business process workflows to establish a framework for tracking and managing employees in different quartiles within an HCM system. Additionally, we will discuss specific tools and customized solutions offered by Workday to facilitate this process.

Keywords: Workday, Quartile Ranking, Forced Performance Distribution, Stack Ranking, Human Capital Management, nBox Calibration, Custom Organization, Shared Participation.

I. INTRODUCTION

Organizations typically use three main types of relative performance ranking systems:

- **Forced Performance Distribution:** Managers place employees into predetermined rating scale percentages, such as top, "Meet Expectations," and "Need Improvement" categories [1].
- **Stack Ranking:** Employees are ranked from top to bottom performers, often on a four-point scale: Exceptional, Good, Average, and Need Improvement [1].
- **Quartile Ranking:** Employees are divided into four quartiles, each representing 25% of the workforce. This helps identify top and bottom performers at the department level [1].

While most Human Capital Management (HCM) platforms support stack ranking, they lack solutions for quartile ranking systems. This gap creates a transparency issue when identifying bottom performers for Performance Improvement Plans (PIPs) or involuntary terminations.

II. PROBLEM STATEMENT

In today's world, companies manage employee evaluations using Human Capital Management (HCM) systems like Workday. These systems offer tools for performance management, providing secure access for employees, managers, and HR team members to ensure

confidentiality. Employee self-evaluations, manager feedback, and performance ratings are saved and tracked within the HCM system. Reports and dashboards are available for HR and senior management to reference, ensuring transparency and resolving any disputes.

However, the quartile ranking process is often performed outside the HCM application because existing platforms do not support the necessary configuration, security setup, and workflow. This external ranking process lacks transparency, as there are no data points, change logs, or reports available within the system for HR to audit or validate employee rankings. This lack of integration and transparency presents challenges in maintaining consistency, accuracy, and fairness in employee evaluations and rankings, ultimately impacting trust and accountability within the organization.

III.   SOLUTION
3.1 Workday Tools & Technology
3.1.1 Custom Organization and Roles

- The basic principle that a company should follow is grouping employees so they can be compared and ranked against each other effectively. Employees from different departments, such as facilities and finance, should not be compared directly. Even within the same business unit, employees may have vastly different job profiles that make direct comparison inappropriate. Therefore, it is crucial to group employees based on the nature of their roles, responsibilities, and job profiles. This ensures that evaluations are fair and relevant, reflecting the specific demands and expectations of each role.
- Workday has a concept of "Custom Organization" [4] to group employees into logical constructs that are not defined by standard Workday organization types. Employees with similar job profiles can be placed in a custom organization, which can be managed through the following roles:
  - **Quartiling Manager (QMs):** This role is responsible for placing employees in the custom organization into different quartiles, with each quartile representing 25% of the group.
  - **Quartiling Leader (QLs):** All decisions made by Quartiling Managers are rolled up to this role. The Quartiling Leader is responsible for the final quartile ranking of employees across all custom organizations under their oversight.
  - **HR Partner (Quartiling):** To ensure transparency, HR Partners are assigned to have access to every step of the process. They support the process and ensure that organizational policies and procedures are followed.

By utilizing these roles, the quartile ranking process can be effectively managed within the Workday HCM system, promoting fairness and transparency in employee evaluations. Below is the hierarchical structure of the custom organizations created to manage Quartile Ranking for the Technology Department, which includes the following sub-departments: Middle Office Tech, Back Office Tech, and Front Office Tech.
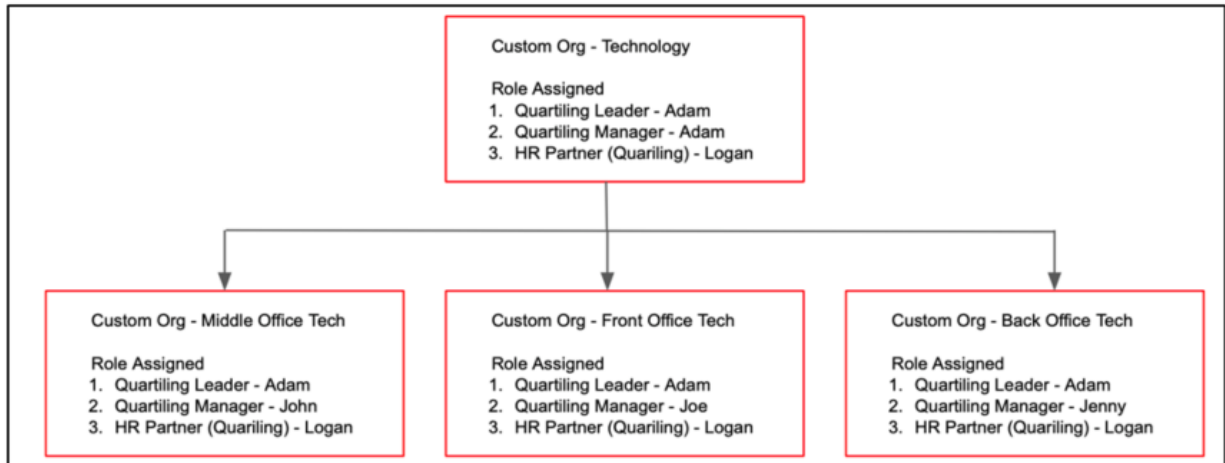
Fig 1: An example of the hierarchy of the custom organization

Below is the screenshot of the role assignment page for the custom organization from Workday.

Fig 2: Custom Organization with Assignable Roles

3.1.2 Calibration Program

- Workday offers a tool called "Calibration" [3] that is used to compare and adjust employee talent and performance ratings. Companies can use this tool to perform two types of calibration:
  - Talent calibration - Used to place employees in a 2-rating matrix [3].
  - Performance calibration - Used to distribute employees across a rating scale based on a single rating value from performance reviews [3].
- This tool can be customized and configured to set up the process for Quartile Ranking with the required approval framework using the Workday delivered Business Process - Launch Calibration.

- A new calibration program [5] can be created in Workday with the following axis values under Value Mapping
  - Rows: Four quartiles with names - "Quartile 1 (TOP)", "Quartile 2", "Quartile 3", and "Quartile 4 (BOTTOM)" can be mapped along the x-axis.
  - Columns: Since the objective is to place employees into quartiles, each with a target of 25%, the y-axis is not applicable for this configuration.

Fig 3: Definition of Calibration Program with Value Mapping

The figure above is the configuration page for Calibration in Workday, where the x-axis and y-axis value mapping are defined for Quartile Ranking.

The figure below shows the target percentage defined for each quartile, along with validation for unplotted employees and checks to ensure that the target percentages are met.
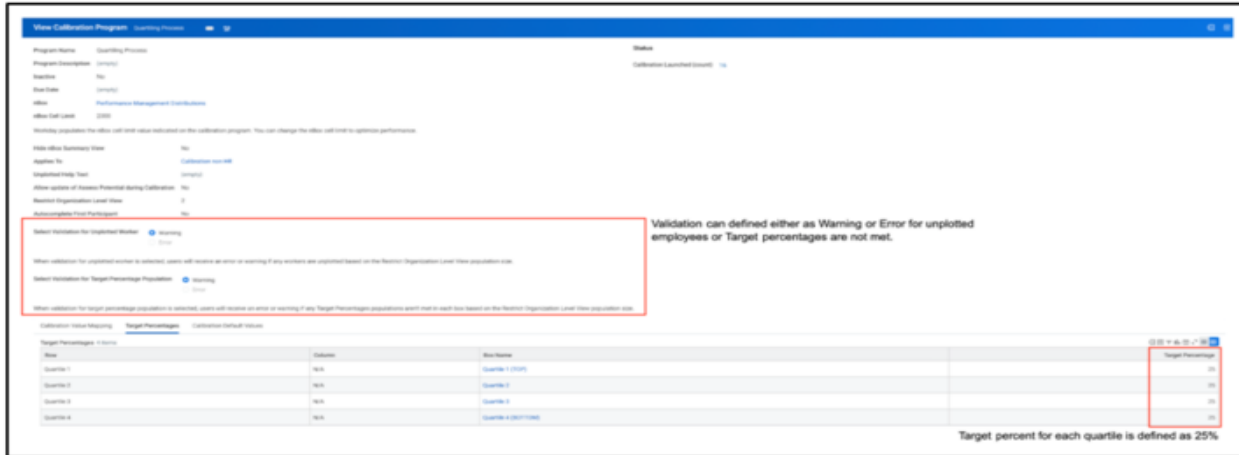
Fig 4: Definition of Calibration Program with Target Percentages

3.1.3 Business Process Definition

- Workday has delivered a business process for launching a calibration cycle called "Launch Calibration," which can be configured to launch the Quartile Ranking Cycle in the organization as a customized process of Calibration.
- The business process can be configured to send the "Shared Participation" [2] step to Quartiling Managers (QMs) defined at the Custom Organization level. This will enable the QMs at the lowest level in the hierarchy to submit their rankings to the higher-level QMs, and finally roll up to Quartiling Leaders (QLs).
- Once all QMs and QLs have completed their actions for their custom organizations and submitted their rankings in Workday, the task will be routed to the "HR Partner (Quartiling)" for final approval and completion of the Quartile Ranking process.

The illustration below depicts the customized definition of the "Launch Calibration" business process tailored to meet the needs of the Quartile Ranking Process.
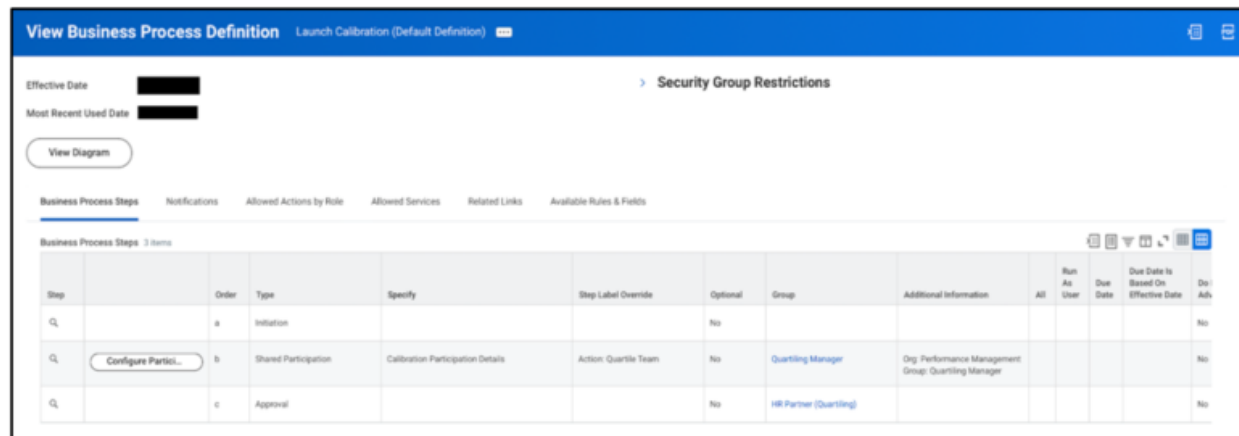

Fig 5: Business Process Definition for Launch Calibration

The diagram below displays the configuration of the 'Shared Participation' [2] step within the 'Launch Calibration' business process definition.

Fig 6: Shared Participation Step in Launch Calibration

IV. IMPACT

The custom solution utilizing the Calibration functionality in Workday can effectively manage the Quartile Ranking process within the organization, significantly impacting the performance management framework. By recording all details and actions within the Human Capital Management (HCM) application, this solution enhances transparency and accountability.

This approach provides several advantages:

- **Enhanced Control:** HR and Administration teams can add validations and impose necessary security measures (using roles defined on Custom Organizations) to safeguard the confidentiality of employee quartile rankings.
- **Structured Approval Framework:** Configurable approval processes increase accountability and ensure compliance with organizational standards and policies.
- **HR Oversight:** Involvement of the HR team in the final approval step ensures employees are appropriately placed in quartiles aligned with their performance feedback from year-end reviews.
- **Monitoring Fairness:** Grouping employees based on job responsibilities and profiles into custom organizations allows designated HR teams to monitor and ensure a fair ranking process.

This integrated approach not only streamlines the Quartile Ranking process but also strengthens performance management practices by leveraging Workday's capabilities to maintain accuracy, confidentiality, and fairness throughout the evaluation and ranking cycle.

V.   CONCLUSION

Enhanced Performance Management: Implementing the Quartile Ranking process through Workday's Calibration functionality significantly improves performance management within organizations.

- **Seamless Integration:** This custom approach integrates seamlessly into the Human Capital Management (HCM) system, providing a structured framework that promotes fairness, transparency, and accountability.
- **Accurate Evaluations:** By utilizing Workday's tools like Custom Organizations and Calibration Programs, organizations can group employees based on roles and responsibilities, ensuring accurate evaluations.
- **Role-based Security:** Roles such as Quartiling Managers, Quartiling Leaders, and HR Partners facilitate a hierarchical approval process, maintaining confidentiality with role-based security measures.
- **Customizable Workflows:** Calibration within Workday allows for the customization of quartile definitions and approval workflows, aligning with organizational goals and compliance standards.
- **Improved Operational Efficiency:** Integrating Quartile Ranking into Workday's HCM system enhances operational efficiency, streamlines performance evaluations, and supports strategic decision-making.
- **Clear Workforce Insights:** This comprehensive solution provides clear insights into workforce performance, empowering organizations to optimize their performance management processes.
- **Integrity and Fairness:** The process maintains integrity and fairness in employee evaluations, reinforcing organizational values and promoting a culture of meritocracy.

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