

Catalyzing organizational evolution: a scholarly examination of performance improvement plans and their enhancement of employee transition experiences in corporate frameworks

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Keywords

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Abstract

The rapid evolution of technological advancements in today's corporate world is increasing exponentially, primarily due to the acquisition and retention of exceptionally intellectual and innovation-driven talented individuals. Exemplary employee performance is a key factor contributing to successful businesses and performance evaluations play a pivotal role in assessing whether employees meet, exceed job expectations, or underperform and is conducted on a quarterly or annual basis. Some organizations implement performance-based appraisals and other tangible benefits for preserving talent while others utilize strategic performance development techniques such as skill and role-focused training and development programs. Despite rigorous efforts, corporate employees' underperformances are not uncommon. To overcome this, organizations deploy a Performance Improvement Plan (PIP) as a strategic risk management measure to ensure that employee performance aligns with organizational expectations and contributes positively to the overall efficacy of the enterprise. However, employees under PIP view the process as demoralizing and career failure indicative rather than a targeted action plan to enhance job performance as superior evaluation is the only construct that defines the outcomes of the PIP process. In recent times, the study aims to broaden the scope of understanding PIP and examine the potential to facilitate positive transitions for employees within corporate environments, rather than leading to terminations. The research explores the anticipated outcomes and actual experiences associated with PIP through comprehensive analysis and pinpoints the key factors contributing to successful employee transitions. The preliminary analysis suggests successful employee PIPs are achieved by adapting to tailored managerial support and continuous feedback mechanisms. The researchers' study utilizes a survey to collect quantitative data from participants who underwent experienced the Performance Improvement Plan (PIP). The research strives to identify best PIP practices that reinforce performance, and improve employee satisfaction and retention, thus fostering genuine organizational transformation.

Introduction

The current corporate landscape is defined by evolutionary technological changes, which increase the focus and need to optimize employee performance so organizations can maintain their competitive advantage and support long term growth in the market. Performance evaluations are conducted periodically, and have been an established human resource management tool, serving as critical mechanisms for assessing whether employees meet, exceed, or fall short of organizational expectations. The Performance Improvement Plan (PIP) is a widely used intervention to address underperformance and realign employees with organizational goals. Although the intent of designing PIPs is to foster growth, they are often perceived as punitive measures, leading to demoralization and fear of termination among employees. This negative perception raises important questions about the effectiveness of PIPs in promoting employee development and their potential to catalyze positive transitions in corporate

environments (Dawson, 2019). Can PIPs, when implemented effectively, serve as a tool for organizational evolution and employee transformation, or are they inherently flawed in their design and execution? The study has been conducted to comprehend the scope of PIPs, analyze the benefits and its ultimate potential to enhance employee transitions in two corporate settings. The research will also attempt to explore the factors that contribute to the success or failure of these plans, employee acceptance and overcoming inhibitions through best practices and benefit both employees and the organization.

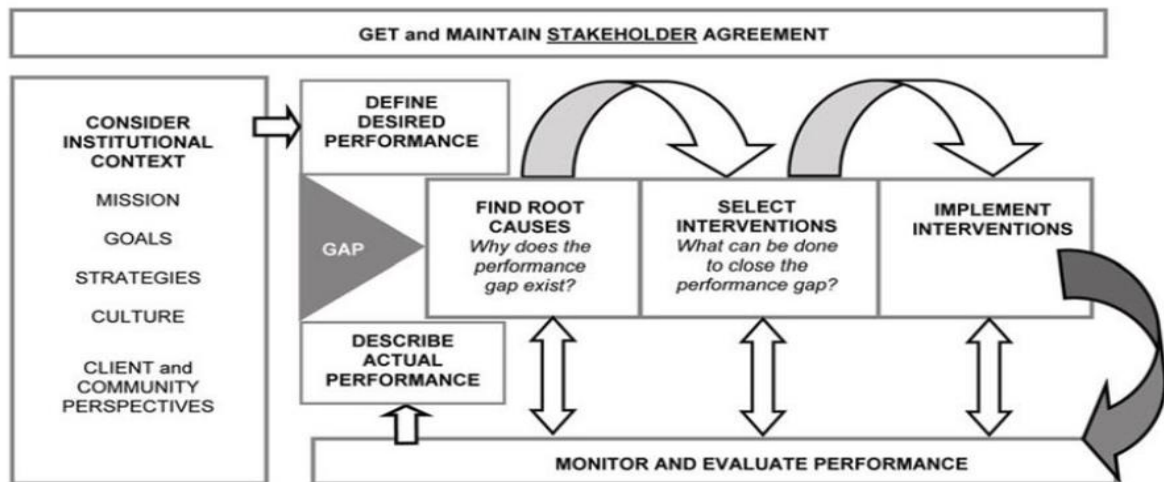


Figure 1: Performance Improvement Process Framework

Source: Miller, Nathan & Amouzou, Agbessi & Hazel, Elizabeth & Degefie, Tedbabe & Legesse, Hailemariam & Tafesse, Mengistu & Pearson, Luwei & Black, Robert & Bryce, Jennifer. (2015). Assessing the Quality of Sick Child Care Provided by Community Health Workers. PloS one. 10. e0142010. 10.1371/journal.pone.0142010.

Literature Review

The literature surrounding performance management, performance improvement programs and employee development has evolved drastically in the recent years with the advent of new technology, cross functional skillset requirements and exponential growth of organizations spreading across global boundaries (Hepzibah, 2022). The article by Costakis and Pickern (2022) explores the role of Performance Improvement Plans (PIPs) as a critical aspect of human capital management and their impact on employee performance. The article also highlights the misconception of employees perceiving PIPs as part of a disciplinary process and often associate them with job failure and insecurity. This undermines the actual intent of organizations to implement the system to ensure corrective measures are taken when employee performance needs guidance and motivation. The study also emphasizes the importance of shifting the focus of PIPs from punitive to developmental. The findings of their study highlight key elements of its effectiveness to set performance goals, personal and professional development aligning with organizational needs. PIP is an integral component of training and development frameworks that is a comprehensive approach to efficiently address performance deficiencies. The authors also dive deep into the emotional duress employees experience due to the misconceptions and pressure of being enrolled in PIPs; and advocate for managerial intervention to support and reassure the expected outcomes of the process to maintain employee engagement and improve performance.

The article by Kis and Tudron (2023) explore the integration of employee feedback into the continuous improvement of performance management and improvement frameworks. Increased transparency in PIPs, and their support in digital transformations of organizations and ensuring success

factors are directly tied with the efforts are all key indicators of successful implementations of PIPs. Continuous employee feedback in designing training and development, performance management and evaluation systems, and periodic evaluation and feedback to employees are more development-oriented steps that aim to streamline the process. PIPs must be evaluated regularly, gathering timely feedback from employees to create a positive work environment and to enable incorporation of success metrics that can be derived at the end of the process.

Chirita and colleagues (2023) provide a detailed analysis of the importance of human resources and their performance in the overall success of the organization; they stress upon the need to evaluate employee performance and intervene with improvement programs to influence organizational performance and improvement in organizational productivity. PIPs can be a rewarding experience for employees, as they can be developed with performance-based incentives, and utilize standardized evaluations to ensure consistent growth and improvement for individuals enrolled in the performance improvement programs. The study outlines the connection between job satisfaction and performance; and how underperforming employees can be supported through PIPs. The study also focusses on the strategic process of planning, monitoring and evaluating employees in the improvement programs to align the workforce with broader business objectives. PIP techniques can improve individual performance and foster a culture of continuous improvement and better alignment to organizational goals.

Research Methods

This study adopts a mixed-method approach to explore the effectiveness of Performance Improvement Plans (PIPs) in ensuring positivity among employees by facilitating successful transitions within the corporate frameworks. The research combines both quantitative and qualitative data collection methods to provide insights into the process of PIPs and their outcomes, emphasizing its impact on employee performance, morale, and career progression.

Study and Data Collection

The study investigated the experiences of corporate workers in an information technology organization in the San Francisco Bay Area, California, who were subjected to Performance Improvement Plans (PIPs). The study, which was informed by the organizational justice concept, investigated the effects of PIPs on employee transitions and satisfaction with workplace fairness using a mixed data collection methodology (qualitative and quantitative). The total population of employees was 300 employees, among which a sample was selected based on their tenure in the organization, and their role in the employee's respective departments. The interns, entry level employees and employees who tenured for less than two years with the company were excluded from the study as they are still in the learning and adjustment phase, where development and support are more appropriate than performance remediation.

The study utilized "Dimensionality of Organizational Justice survey" by Dr. Jason A. Colquitt to measure different aspects of perception within an organization when an employee is placed in Performance improvement plan. The survey is based on the concept that organizational justice can be broken down into four distinct dimensions: Procedural Justice, Distributive Justice, Interpersonal Justice, Informational Justice (Colquitt, 2001). Therefore, helping to measure employees' ability to express their views, their influence over outcomes, and whether the process was perceived as fair and unbiased. The survey typically uses a Likert scale to assess each item, allowing participants to rate employee experiences that directly impact satisfaction and retention. The results can help organizations identify areas of strength and improvement related to fairness perceptions among their employees.

Key concept

Performance Improvement Plans (PIPs)

Performance Improvement Plans are structured interventions designed to address employee underperformance with the aim of meeting the expectations of organizational contributions by the individual. While commonly utilized as a final step before termination, recent research suggests that PIP

might be among the most underutilized and powerful intervention tools in employee development and career transformation processes (Grote, 2011). This re-imagines the approach towards constructing and using the PIP in broader ways within organizational contexts.

Employee Transitions

The concept of transitions in employees, concerning PIPs, refers to transitioning people from a state of underperforming toward one where they meet and/or exceed job expectations. Successful transitions are characterized by focused skill building, ongoing feedback mechanisms, and strong managerial support; Pulakos et al. (2015) blend these into supportive environments that guarantee meaningful performance gains are realized.

Organizational Development

Organizational development is best described as the continuous alignment of corporate structure, processes, and culture with emerging business needs and changes in technology. When well implemented, PIPs can be key drivers for this process of organizational development by enhancing employee performance and making employees more adaptable to change (Worley & Mohrman, 2014). This perspective positions PIPs as a means for strategic development of an organization rather than as a tool used for correcting performance.

Discussion

Several studies have shown that the PIP process started as a way for organizations to address underperformance in a structured, fair, and consistent manner within large organizations during the late 20th century. Performance Improvement Plans (PIPs), which were first implemented by corporations such as GE, IBM, and Microsoft, were designed to be equitable and structured instruments for addressing poor performance, coordinating employee contributions with company objectives, and reducing legal risks. However, because PIPs are linked to terminations, they have come to be seen as punitive measures over time, which has decreased employee satisfaction and increased attrition (DeNisi & Murphy, 2017). This perception is mirrored in the current survey results, where a low score of 2.60 in "Influence & Control" suggests that employees feel minimal autonomy over PIP outcomes, reinforcing a sense of retribution. Contemporary research advocates for reimagining PIPs as development tools by emphasizing Tailored Managerial Support, Continuous Feedback Mechanisms, Positive Organizational Culture, and HR Involvement. Although managers' individualized support could foster a more positive atmosphere, survey results in the areas of politeness (2.94) and respect (2.80) indicate that interpersonal dynamics still need improvement. A proactive culture of improvement could be fostered by implementing continual feedback, which is bolstered by a moderate procedural fairness score of 3.20. Furthermore, PIPs may be turned into avenues that benefit the company and its employees by integrating them into a growth-oriented culture (Schein & Schein, 2016) and making sure HR actively participates in their creation and management (Ulrich et al., 2012).

Results

The survey results from 35 participants undergoing performance Improvement Plan(PIP) revealed mixed discernment across several dimensions. Influence and control scored 3.19 indicating employees felt moderate involvement but there is still opportunity for employee empowerment. Employee acceptance and engagement may be hampered by their perception of the PIP as being administered inconsistently or occasionally biased, as indicated by the procedural fairness score of 2.94, which is below 3. A score of 3.15 for interpersonal treatment indicated that authority figures were typically courteous but occasionally unsupportive.

Interpersonal Treatment received a score of 3.15, reflecting a generally respectful but occasionally lacking empathy and support from authority figures. The Feedback Quality score of 2.84 is one of the lowest, pointing to insufficient, unclear, or infrequent feedback, which is vital for guiding employee

improvement. Data Accuracy had a moderate score of 2.99, suggesting that there may be doubts over the accuracy of the data used in performance reviews. Effective managerial support, such as customized guidance and accessibility, is considered crucial for employee success, and a focus on growth orientation would help reframe PIPs as developmental rather than merely disciplinary. However, specific scores for Managerial Support and Growth Orientation were not provided. Additionally, reliability analysis revealed poor internal consistency (Cronbach's Alpha = -0.629), suggesting issues with how the survey items measure the intended constructs. Factor analysis identified three key components: procedural fairness, interpersonal treatment, and outcome reflection, explaining 35.1% of the variance.

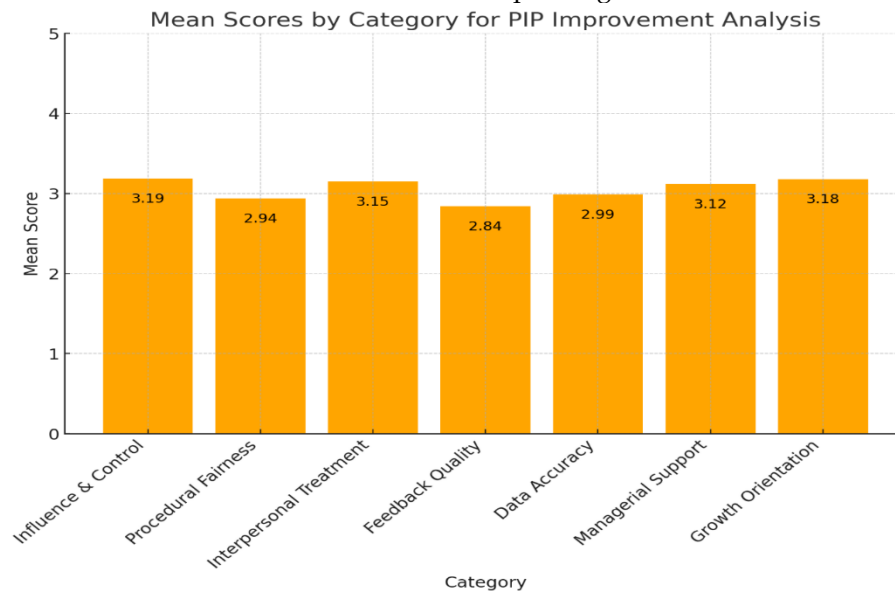


Figure 3: Results depicting Mean Scores of Key Factors in the PIP Process.

The low Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy value of 0.337 indicates inadequate sampling adequacy but the fact 12% employees went through the PIP and suggests that though procedural aspects are viewed positively, the process is perceived as disempowering and lacking respect, contributing to high failure rates. Therefore, suggesting that the corporate organizations should refine the PIP process to focus on improving employee empowerment, interpersonal treatment, and measurement reliability.

Findings

The survey results reveal that procedural aspects of the PIP process were rated moderately (e.g., consistency and fairness), the influence over outcome and interpersonal treatment received notably lower ratings denoting that critical issue is with perception of PIP process than experience itself. Additionally, when participants were asked whether they were able to retain their jobs after completing the PIP, all respondents answered no leading to prominent finding that 85% of the participants who experienced PIP either quit or failed to successfully complete the PIP process, leading to a high attrition rate. This implies that participants overwhelmingly view PIPs not as a genuine opportunity for performance improvement, but as a prelude to termination. The findings evidently reveal PIPs are perceived as ineffective for job retention, raising concerns about their purpose and implementation and recommend increasing employee influence by fostering collaborative goal setting, holding regular progress check-ins, and ensuring transparent evaluation criteria (Aguinis et al., 2012).

Limitations and Recommendations

There are a few significant limitations to this study on the Performance Improvement Plan (PIP) process that could restrict the scope and depth of its findings. Because PIP experiences might vary greatly

among industries and organizational cultures, the small sample size of 35 individuals limits the findings' generalizability. Moreover, low internal consistency (Cronbach's Alpha of -0.629) and inadequate sampling adequacy (KMO of 0.337) raise questions about whether the survey items accurately reflect the constructs they intend to measure, which could impact the reliability of the conclusions drawn. While the study identifies procedural fairness, interpersonal treatment, and outcome reflection as core components of the PIP experience, these factors explain only 35.1% of the total variance, indicating that other vital elements such as organizational culture or the influence of managerial support – might not have been fully captured. Response bias is also a potential concern, as participants may have been influenced by the sensitive nature of PIPs, perhaps either downplaying negative aspects or exaggerating dissatisfaction. The absence of qualitative data, such as interviews or open-ended responses, limits the study's ability to convey the nuanced personal experiences of employees undergoing PIPs, which could have enriched the findings. Furthermore, limiting the study's focus to a single organization may further limit the results' applicability, indicating that larger, more diverse samples should be in future research to better understand how PIPs are viewed and experienced in various corporate contexts.

According to Schein & Schein (2016), PIP process can be improved by making employee empowerment a high priority. Based on the findings, providing the employees to take control over setting realistic goals, giving them regular, constructive feedback, and guaranteeing transparency regarding evaluation criteria, all of which promote a sense of fairness and ownership to enhance the experience of employees undergoing Performance Improvement Plans (PIPs). Standardized procedures and impartial supervision can lessen perceived bias, and tools for emotional support and empathy training can foster a more civil and encouraging workplace. Clarity and trust are increased by employing objective performance measurements and giving actionable feedback. Lastly, PIPs can be changed into positive development routes that benefit both the organization and its workers by redefining them as growth opportunities, acknowledging accomplishments, and providing mentorship.

Conclusion

The study examines how Performance Improvement Plans (PIPs) are becoming more and more important in accelerating organizational change and enhancing transitional experiences for employees. Some strategies to use interventions as a catalyst for positive change include redefining PIPs as development tools, implementing customized managerial support, and establishing a culture of open and honest continual feedback. Even though the study's small sample size and statistical difficulties show that more research is necessary to confirm these results, there are still difficulties in assessing and maximizing PIP effectiveness in a variety of scenarios. The practical implications of this research point to the importance of creating a culture of support during the PIP process, where employees perceive the plan as an opportunity for growth rather than a precursor to termination. Therefore, the approaches towards performance management and employee development should evolve with the organization's success and revenue as both are deeply intertwined with employee performance and organization's success. Ultimately, the study highlights how PIPs can act as a catalyst for organizational change if they are applied fairly, openly, and with a sincere focus on staff development. This opens the door for further research to examine the long-term impacts of PIPs, employee satisfaction and retention, and their use in culturally diverse contexts.

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Appendix 1 – Survey instrument

The Dimensionality of Organizational Justice Survey

On the Dimensionality of Organizational Justice: A Construct Validation of a Measure" by Colquitt survey was designed to assess perceptions of fairness in organizational practices. It evaluates dimensions such as procedural justice, distributive justice, interpersonal justice, and informational justice. Please use the scales below to indicate the extent to which each statement accurately describes your experience within the organization. After completing the instrument, please return it to the researcher.

Rating Scale:

- 5 = To a large extent
- 4 = To a considerable extent
- 3 = To a moderate extent
- 2 = To a small extent
- 1 = Not at all

Instructions: Indicate your response by marking the number that best describes your perception for each statement.

1. ____ Have you been able to express your views and feelings during organizational procedures?

2. ____ Have you had influence over the outcomes arrived at by those procedures?
 3. ____ Have those procedures been applied consistently?
 4. ____ Have those procedures been free of bias?
 5. ____ Have those procedures been based on accurate information?
 6. ____ Have you been able to appeal the outcomes arrived at by those procedures?
 7. ____ Have those procedures upheld ethical and moral standards?
 8. ____ Does your outcome reflect the effort you have put into your work?
 9. ____ Is your outcome appropriate for the work you have completed?
 10. ____ Does your outcome reflect what you have contributed to the organization?
 11. ____ Is your outcome justified, given your performance?
 12. ____ Has your manager treated you in a polite manner?
 13. ____ Has your manager treated you with dignity?
 14. ____ Has your manager treated you with respect?
 15. ____ Has your manager refrained from improper remarks or comments?
 16. ____ Has your manager been candid in their communications with you?
 17. ____ Has your manager explained the procedures thoroughly?
 18. ____ Were your manager's explanations regarding the procedures reasonable?
 19. ____ Has your manager communicated details in a timely manner?
 20. ____ Has your manager tailored their communications to individuals' specific needs?
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