acorn

2025 Corporate Performance and Learning Survey: Current Practices and Employee Sentiment

Table of Contents

03 | Executive Summary

07 | Key Findings

09 | The Current State of Competency and Capability Programs: A System in Crisis

14 | The Psychological Toll: How Broken Performance Reviews are Hurting Employees

18 | The Organizational Disconnect: Upper Management is Living in a Different Reality

23 | The Technical Setbacks Leading to Failed Competency Programs

27 | The Path Forward: Centralized, AI-Enabled Systems as the Lifeline for Struggling Leadership

31 | Conclusion

32 | Survey Respondent Demographics

Executive Summary

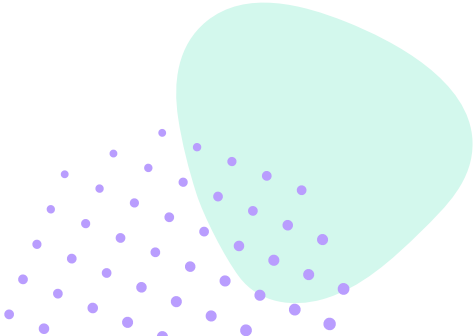
Performance reviews, learning and development programs, and competency frameworks were all created to add structure to talent development. These programs are intended to provide valuable feedback, recognize employee contributions, and create clear paths for career growth and advancement. Instead, they have unfortunately become a dreaded organizational ritual and a source of anxiety, frustration, and disconnect for employees across organizations.

The **"2025 Corporate Performance and Learning Survey: Current Practices and Employee Sentiment"** research reveals a system heading towards collapse. **One-third of respondents describe their most recent performance review as merely a checkbox exercise,** with many reporting that these evaluations negatively impact their emotional wellbeing, causing stress and making them question their worth and future within their organization. The fundamental disconnect between good intentions and actual employee experience highlights a broader organizational crisis in performance tracking systems that is devastating workplace culture and driving talent straight to competitors: 78% of leadership acknowledges employees frequently must leave to advance their careers.

Current systems fail to meet basic needs: **They lack integration capabilities, consistent measurement frameworks, and centralized management tools, resulting in fragmented approaches.**

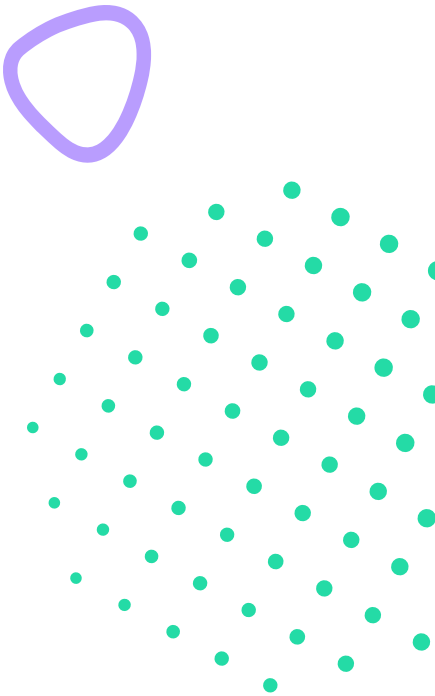
While 69% of organizations have attempted to implement competency programs, **only 3 in 10 respondents (29%) express total satisfaction with their current systems.** Organizations are cobbling together solutions through manager assessments, learning management systems (LMS), and spreadsheets, creating inconsistent experiences that impact employee retention. The research exposes a major technology gap that creates an environment where organizations recognize the importance of competency frameworks, but lack the infrastructure to make them successful.

Challenges are further compounded by a significant perception gap among stakeholders inside of organizations: **Two-thirds of executives (66%) believe their competency metrics are fair, while less than one-fifth (19%) of individual contributors agree.** This misalignment creates a rocky environment where leadership invests in programs they believe work, while employees experience these initiatives as arbitrary, biased, or disconnected from their actual impact at work.



Despite the grim landscape of challenges, there's reason for optimism in the overwhelming appetite for change. **The future of performance and learning programs holds promise, as organizations recognize the need for an integrated solution.** The survey shows the vast majority of respondents prefer a well-defined capability index score, an average based on how learners and leaders rate their role-specific skills, over arbitrary rankings. **They're also open to using AI-assisted competency assessments** to provide a much-needed lifeline for HR professionals and managers who are drowning under impossible administrative burdens.

This survey report points to an urgent need for a streamlined, context-driven capability framework supported by AI that provides tangible, relevant feedback all stakeholders can trust, transforming performance management from a source of frustration to a driver of engagement and growth.



About This Study

The "2025 Corporate Performance and Learning Survey: Current Practices and Employee Sentiment" gathered **insights from more than 1,200 U.S.-based workers at organizations with 1,000+ employees** with the role of executive (VP or C-level), manager/director (with direct reports), manager/director (with no direct reports), and individual contributor (with no direct reports). HR, learning and development (L&D), and non-HR and L&D professionals were surveyed to:

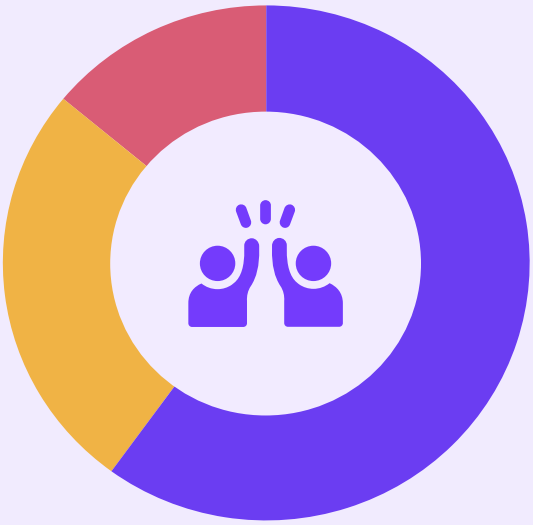
- **Gauge organizations' history with competency and capability initiatives,** and explore past efforts and the effectiveness and level of engagement with previous programs
- **Learn about organizations' current approach** to managing and assessing employee competencies and capabilities, including challenges and opportunities
- **Determine the capabilities organizations value** and how effective competency/capability management could drive business outcomes
- **Understand how prepared organizations are (or are not)** to integrate new systems, tools, and frameworks into corporate learning processes
- **Explore personal experiences and emotions** associated with the performance review process

Performance reviews have devolved into organizational nightmares, impacting employees' wellbeing, while executives remain largely unaware of the damage to the business and team morale. **The report unveils a crisis in performance management, with only 29% of respondents "very satisfied" despite 69% of organizations having tried implementing such programs.** Employees overwhelmingly view performance reviews as ineffective and emotionally taxing, with one-third seeing them as checkbox exercises. **There's also a significant perception gap between executives and individual contributors regarding the fairness of competency metrics**, causing talented employees to frequently flee for the advancement of their careers.

Despite challenges and misalignments, there's a general consensus that an integrated solution, which uses a capability index to measure performance and incorporates AI-assisted assessments, **provides hope for the future of performance management.**

Organizations recognize the need for a solution as soon as possible, and most are willing to invest in technology that connects individual capabilities to organizational performance.

We asked respondents which of the following terms they most commonly use to describe the program for the structured model that outlines the combination of knowledge, skills, abilities, behaviors, and attributes required to perform a job effectively:



- **60%** Competency framework
- **26%** Capabilities program
- **14%** Skills taxonomy

For the purposes of this research, the term “competency/capabilities program” will be used to describe the structured model that outlines the combination of knowledge, skills, abilities, behaviors, and attributes required to perform a job effectively.



Key Findings

Less than half of respondents (46%) believe their performance review accurately reflects their contributions.

Only 3 in 10 respondents (29%) are “very satisfied” with the system their company currently uses to track employee competencies/capabilities.

43% of respondents believe that performance reviews do not accurately reflect employee capabilities.

60% of respondents feel the current metrics their organization uses to measure competencies/capabilities are not, or are only somewhat, fair.

One-third (33%) of respondents say that their most recent performance review felt like a checkbox exercise. Only 37% felt it was collaborative.

Nearly 8 in 10 executives, managers, and directors (78%) cite that employees frequently or sometimes have to leave the organization to get a pay increase/promotion or advance their career.

Only a third (35%) of respondents feel confident that their organization can accurately identify and measure employee competencies/capabilities and has a well-defined system in place.

Less than half (48%) only feel somewhat confident, saying they track competencies and capabilities, but the process needs improvement.



A majority (92%) of respondents believe a solution that provides a well-defined capability index score that could integrate with other systems (e.g., HR systems) would, or probably would, be more effective/beneficial than an arbitrary number or ranking.



95% of organizations would consider using competencies/capabilities as a primary way to assess employee performance if their organization had a simplified, centralized mechanism to do so.

Top business impacts:

- Improve visibility into employee skills and career paths (55%)
- Enhance employee engagement and job satisfaction (48%)
- Higher productivity and performance (38%)
- Reduce administrative burden in tracking and managing capabilities (36%)
- Increased revenue growth (34%)

What businesses would need in order to do so successfully:

- A clear and standardized competency/capability framework (55%)
- A system to track and measure competencies/capabilities objectively (53%)
- A streamlined process to align competency/capability frameworks with job roles (49%)



Most respondents (97%) believe that using competencies/capabilities as a primary way to assess employee performance would positively impact their business if their organization had a simplified, centralized mechanism to do so.



The vast majority (89%) of respondents are positively inclined to use AI for assessing competencies/capabilities.

The Current State of Competency and Capability Programs: A System in Crisis

Today's competency tracking systems are failing organizations and their people, creating fragmented approaches that lead to unclear expectations, misaligned performance ratings, and a workforce that's increasingly disengaged and unsatisfied.

Without standardized frameworks and integrated systems, organizations struggle to accurately identify skills gaps, provide meaningful feedback, create clear career paths, or effectively promote from within.



Most organizations see value in competency/capability programs.

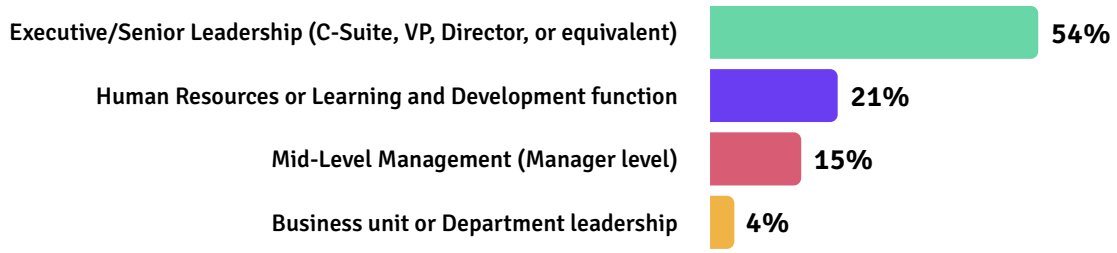


69%

of organizations have developed or tried to develop a competency/capability program.

Who is leading competency initiatives?

Of the 69% of organizations that have developed or tried to develop a program, initial sponsorship or mandate primarily originated from:

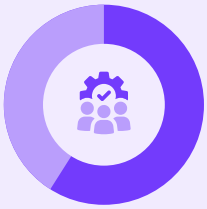


These efforts have been largely well-intentioned, with clear goals set for starting the program:

Top organizational reasons



61%
Improve talent identification for succession planning



59%
Align workforce capabilities with business strategy



55%
Standardize performance and promotion criteria

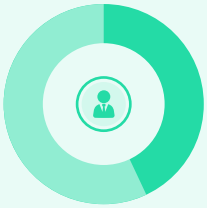
Top employee benefit reasons



69%
Improve employee skill development and job performance



63%
Provide clear career progression and growth opportunities



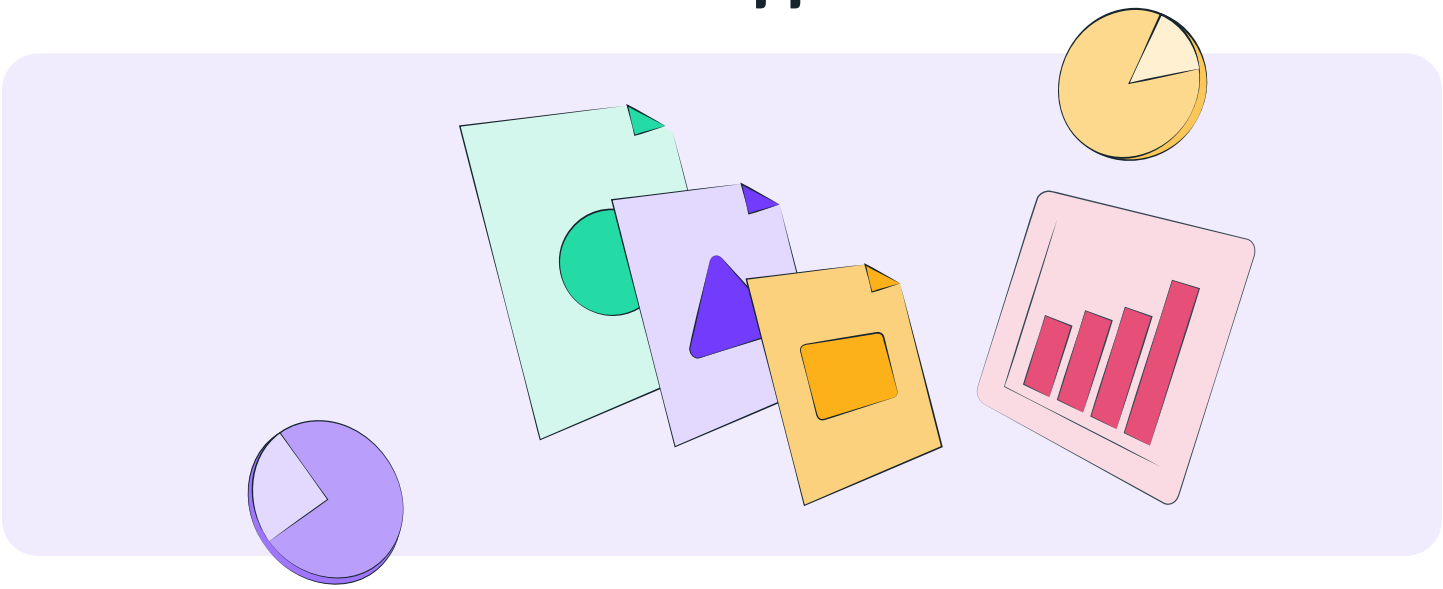
43%
Support personalized learning and development plans

However, the systems supporting these goals do not live up to organizational expectations, and employees are not pleased.



A mere 3 in 10 respondents (29%) are satisfied with their company's current system used to track employee competencies/capabilities.

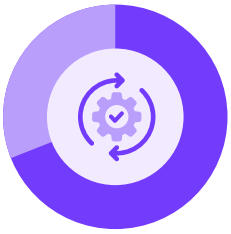
A Patchwork of Tools and Approaches



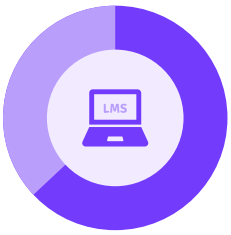
Instead of centralized, standardized solutions, organizations rely on a variety of approaches to manage competencies and capabilities:



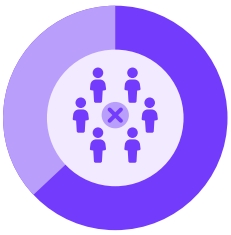
49%
currently manage and track employee competencies/capabilities via manager-collected assessments and feedback



34%
use a dedicated competency management platform



45%
use a Learning Management System



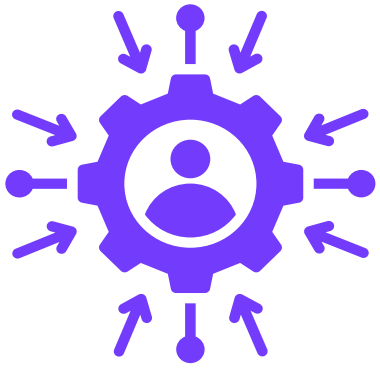
12%
have no formal process



36%
use spreadsheets or other manual tracking methods

This fractured landscape leads to inconsistent reporting, limited visibility into employees' strengths and shortcomings, and disjointed performance conversations.

The Missing Link: Centralization

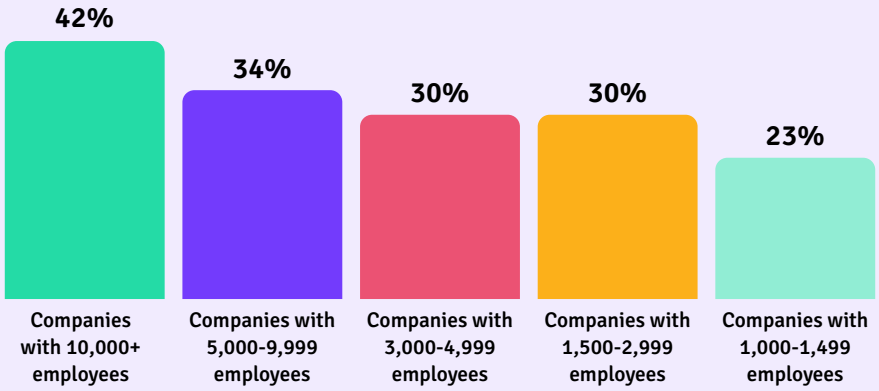


Only about half (49%) of organizations use a centralized system or technology platform (e.g., performance management or talent platform) to document two-way conversations about performance and competencies/capabilities.

Nearly a quarter (24%) use shared documents or spreadsheets, a setup that not only limits data integrity, but also impairs scalability.

The challenge of having no centralized system to manage competencies or track capabilities is made more apparent with organizational size. Larger enterprises more often cite the lack of a centralized system as a barrier:

Company size versus percentage of organizations that say having no centralized system to manage competencies or track capabilities was a top barrier to the success of competency/capability programs



Conversely, smaller organizations are more likely to struggle with how to apply competencies in everyday work:

- **56% of companies** with 1,000-1,499 employees cite the lack of clear processes as a top barrier
- 1,500-2,999 employees – **42% say the same**
- 3,000-4,999 employees– **44% say the same**
- 5,000-9,999 employees – **49% say the same**
- 10,000 + employees – **43% say the same**

Organizations of all sizes are flying blind, lacking the systems, clarity, or process maturity to turn capabilities into business results.

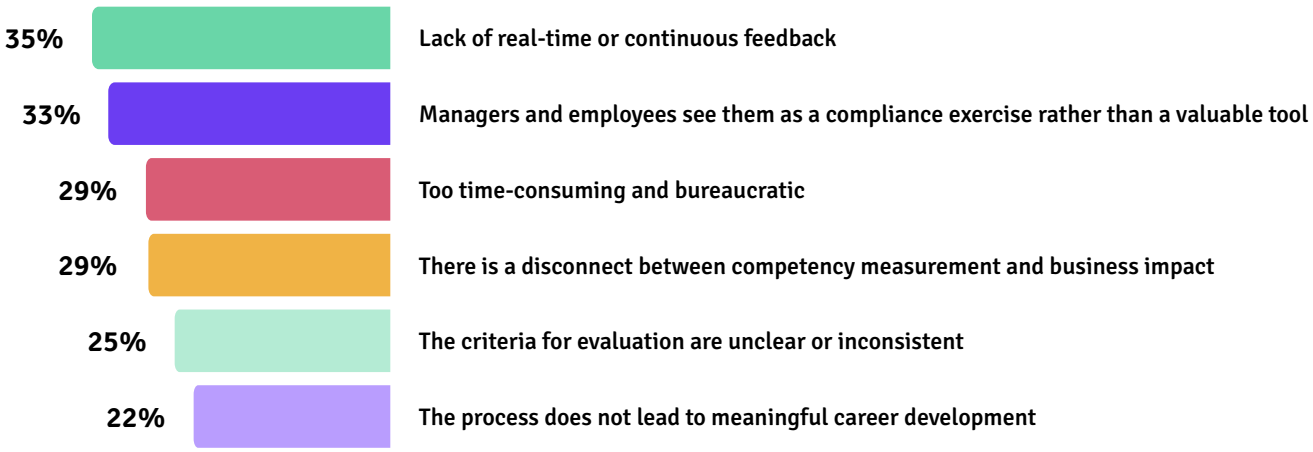


Employees Raise a Red Flag on Performance Reviews

Nowhere is the system's failure more visible than in the performance review process.

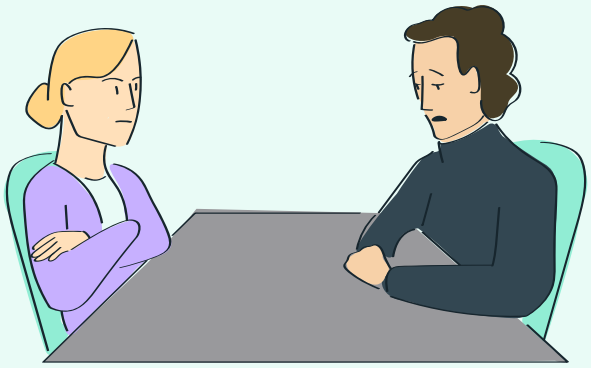
An alarming **4 in 10 respondents (43%)** believe that performance reviews ***do not*** accurately reflect employee capabilities.

Additional frustrations with performance reviews include:



It's not just about perception: 6 in 10 respondents (60%) feel the current metrics their organization uses to measure competencies/capabilities are not, or are only somewhat, fair.

The Psychological Toll: How Broken Performance Reviews are Hurting Employees



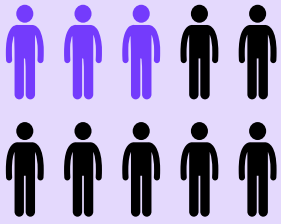
Performance reviews don't just affect career trajectories, they profoundly impact employee wellbeing, motivation, and engagement. As they stand today, performance reviews are ineffective exercises that are often harmful to employee mental health. When implemented poorly, the emotional consequences of performance review systems ripple throughout organizations, affecting productivity, innovation, and retention.

Even though organizations are pouring months or even years into developing competency and capability initiatives, the report shows performance reviews still often feel arbitrary, biased, or disconnected from actual work. The results? A workforce that feels profoundly undervalued and misunderstood.

Good Intentions, Poor Execution

Organizations aren't ignoring the importance of competency and capability development. In fact, 62% of upper management cite their organization has invested approximately 6 months to 3 years in developing past competency/capability initiatives.

Despite the investment, reviews often fall flat in execution.



One-third (33%) of respondents say that their most recent performance review felt like a checkbox exercise. **Only 37% feel it was collaborative.**

This sense of going through the motions and not being seen as a person, but rather as a line item, has a real emotional cost.

The Emotional Fallout of Ineffective Performance Reviews



Nearly 3 in 10 (29%) employees have never had a performance review that has positively impacted their emotional well-being.



Given that 36% of organizations currently spend $250,000 to over $1,000,000 on performance management tools, software, and processes annually, this is astounding.

To invest this heavily in a system and yet deliver such consistently negative outcomes is more than a missed opportunity; it's a crisis of alignment. Instead of building a culture of growth, development, and engagement, many organizations are unintentionally creating environments that foster stress, disengagement, and emotional fatigue.

It's clear the system isn't just broken, it's fundamentally failing its most important stakeholder: The employee.

How have past performance reviews negatively impacted you?

- 29% felt anxious or stressed
- 27% found themselves uninspired and less productive
- 26% questioned their value to their organization

These numbers highlight a deeper truth: For many employees, reviews are not only ineffective, they're actively harmful.

Perhaps an even more damaging perception? The system is unfair.

A shocking 61% of respondents believe bias or favoritism does, or sometimes does, influence performance reviews in their organization.

There's a real opportunity for leadership to take a step back and evaluate what's working, what's not, and how to address employee needs.



What Employees Really Want

When asked what would make them feel like they had a positive or impactful performance review, respondents were vocal in their desires. Responses included:

> *Constructive, specific feedback. Recognition of achievements. Clear goals and development opportunities. A collaborative, two-way conversation.*

> *Assessment based on actual performance, not matrices [comparing me to] others with different levels of responsibility.*

> *Clear career guidance [that leads] to meaningful opportunities for growth.*

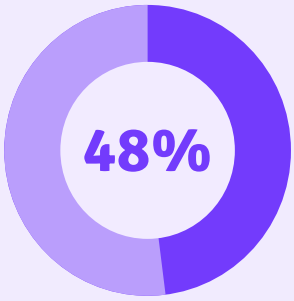
> *I'd like to see how my contributions have led to positive growth [in] my department and if those contributions will lead to a promotion or more money.*

> *A balance of positive and negative, with a clear expectation of the end game.*

> *Getting a performance review that sounded like my manager took the time to honestly evaluate my work and skills.*

Lack of a Clear Path Forward

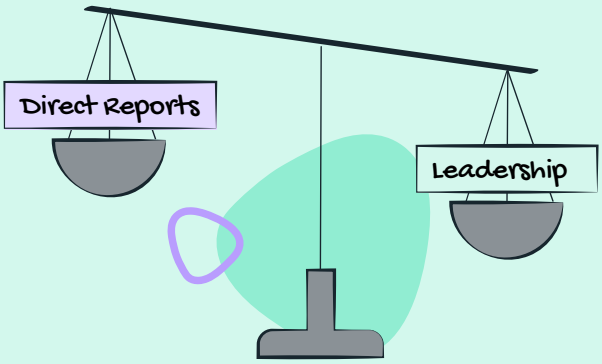
Even for those trying to improve, **the path forward is too often obscured.**



Fewer than half of respondents say their performance review process gives them a clear path to improve and advance in their role, providing exactly what they need to work on.

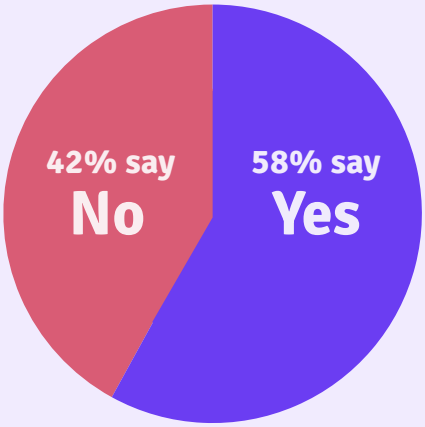
When feedback lacks specificity or the criteria for success is vague or shifting, employees are left to guess what success looks like.

Making matters worse, the research unveils a paradox between upper management and everyone else's sentiment toward performance reviews.



Most executives (84%) and managers/directors with direct reports (76%) have had a performance review that positively impacted their emotional well-being.

In contrast, individual contributors are more split on whether they've had a performance review that positively impacted their emotional well-being:



This is just the tip of the iceberg for the misalignment that exists in the performance review landscape. The report paints a bigger picture with stark differences between leaders' and direct reports' opinions of their organization's competency programs.

The Organizational Disconnect: Upper Management is Living in a Different Reality

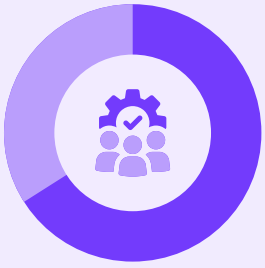
A striking perception gap: Executives believe their performance systems are effective, while employees cite a completely different experience.

This disconnect undermines trust in performance management systems and even drives employees to seek external opportunities as they confront the fact that internal growth paths are nonexistent, unclear, or unfair.

Performance Review Delusion: Leadership's Rose-Colored Glasses



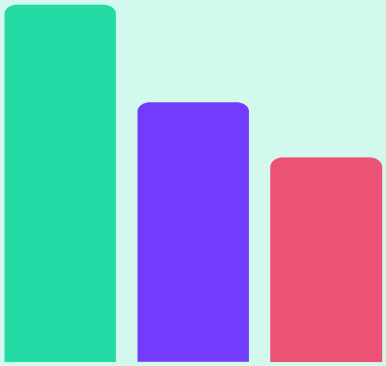
There's a disconnect in the idea of how fair the current metrics are to measure competencies/capabilities: Executives overwhelmingly believe in the fairness and effectiveness of their current performance management systems.



66%

of executives (VP or C-level) say that current metrics accurately and fairly reflect employee capabilities and performance.

But the results reveal a different sentiment.

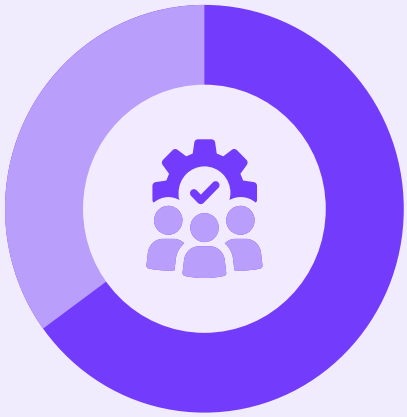


- **36%** of managers/directors with direct reports agree
- **23%** of managers/directors with no direct reports agree
- **19%** of individual contributors agree

Employees in more junior positions cite an opportunity for better alignment:

Nearly half (45%) of individual contributors, 52% of managers/directors with direct reports, and 49% of managers/directors without direct reports say the metrics are only somewhat fair, citing they could be made more objective to align with business goals, **while only 28% of executives say the same.**

The divide doesn't stop there. Executives are also significantly more confident in their organization's ability to track competencies and provide advancement:

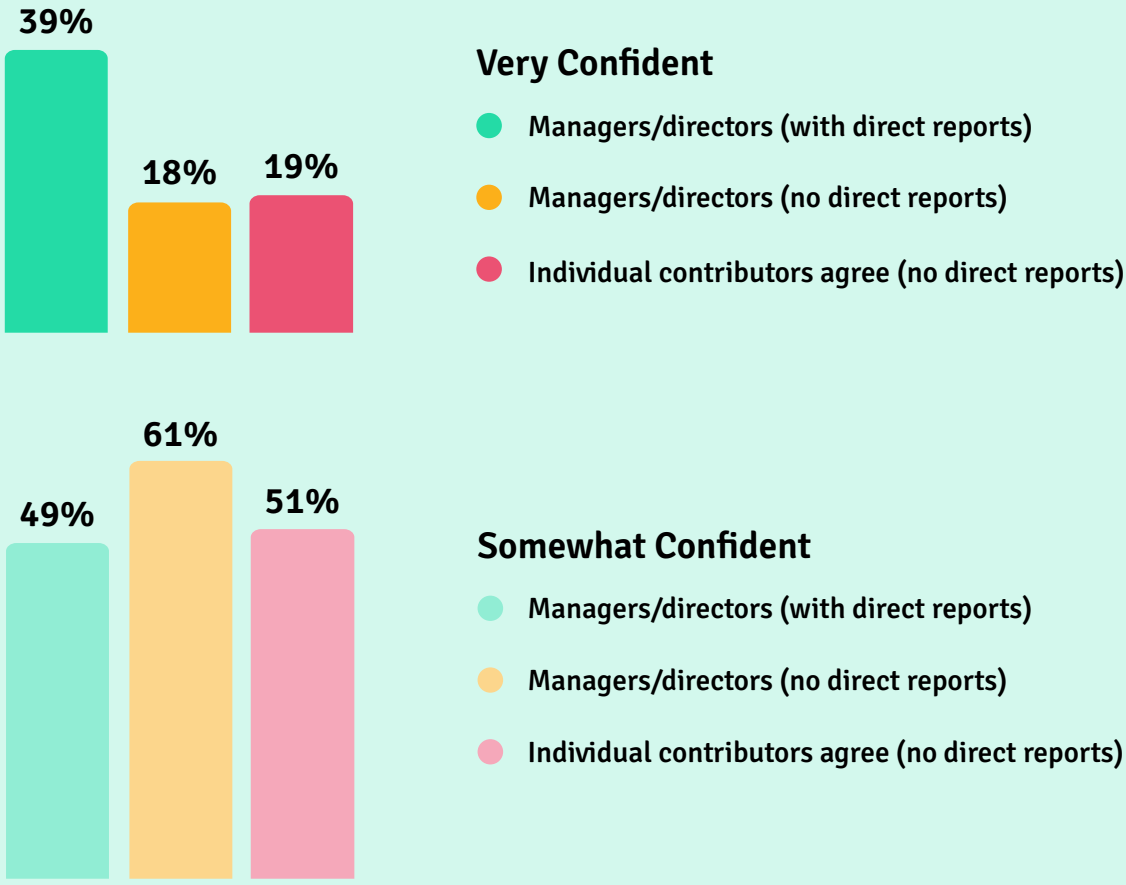


65%

of executives feel very confident that they have a well-defined system in place.

However, confidence majorly declines for those with less overhead.

Only 39% of managers/directors with direct reports, 18% of managers/directors with no direct reports, and 19% of individual contributors are very confident. Further, 49% of managers/directors with direct reports, 61% of managers/directors with no direct reports, and 51% of individual contributors are only somewhat confident, saying the process needs improvement.

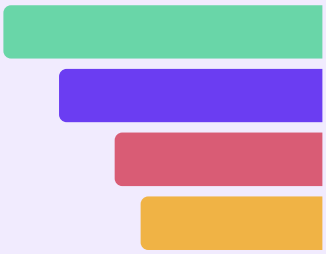


For respondents as a whole, **only 46%** believe their performance review accurately reflects their contributions.

When the people at the top believe a system is working, and those experiencing it day-to-day say otherwise, it creates a dangerous status quo of inaction and erosion of trust.

Satisfaction with performance management tools also follows a clear hierarchy.

Executive and managers/directors with direct reports are overall more satisfied with their company's current system used to track employee competencies/capabilities than managers/directors without direct reports and individual contributors:



86% of executives (VP or C-level) are satisfied or very satisfied

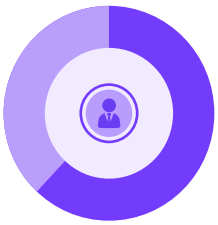
71% of managers/directors (with direct reports) are satisfied or very satisfied

56% of managers/directors (no direct reports) are satisfied or very satisfied

49% of individual contributors (no direct reports) are satisfied or very satisfied

This disparity suggests that the current systems may serve those who design and lead them, but not those they're meant to support. Additionally, there's a notable discrepancy in roles saying their most recent performance review was collaborative:

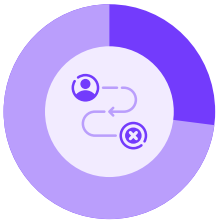
Percentages by role



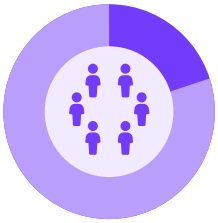
62%
of executives



38%
of managers/directors with direct reports

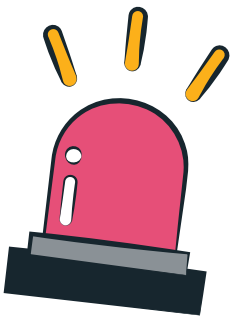


27%
of managers/directors with no direct reports



20%
of individual contributors

Something doesn't add up.



At the same time, **all groups had a concerning percentage of people say their most recent performance review felt like a checkbox exercise – even executives:**

- 37% of executives
- 32% of managers/directors with direct reports
- 32% of managers/directors with no direct reports
- 32% of individual contributors

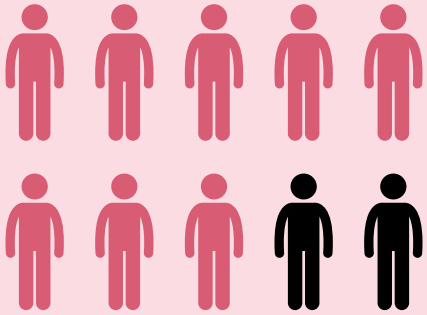
This is an alarming indicator that even at the top, the system isn't immune to performative tendencies. **But leadership acknowledges the system could be better.**

When executives and managers/directors with direct reports were asked how they feel about having meaningful performance conversations with their team, 44% feel confident, but **believe better tools or frameworks would make them more effective.**

The Path to Promotion is Actually a Straight Path out the Door

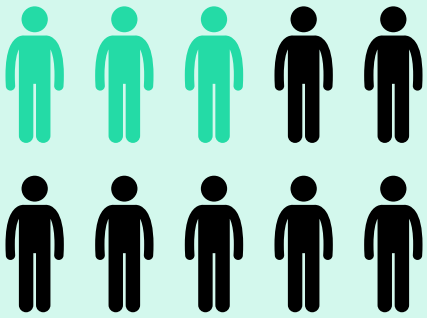
Ironically, despite their confidence in — and levels of satisfaction with — their competency tracking system, even leaders acknowledge that internal growth opportunities aren't delivering.





Nearly 8 in 10 executives, managers, and directors (78%) cite that employees frequently or sometimes have to leave the organization to get a pay increase/promotion or advance their career.

This aligns with what employees are saying:

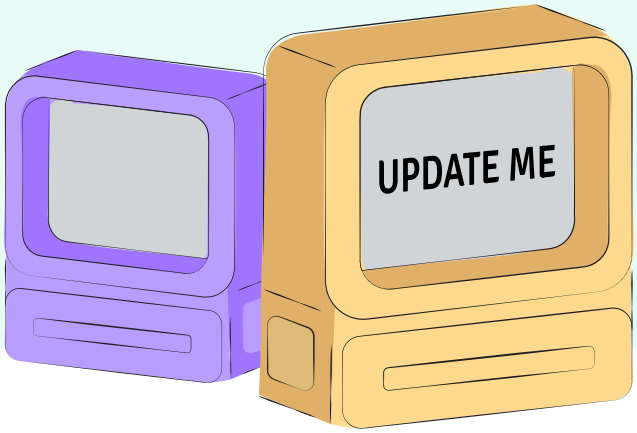


Only 3 in 10 (32%) individual contributors or managers/directors with no direct reports say they do not feel they need to leave their employer to get a promotion, in-role advancement, or pay increase, and that their organization provides very clear promotion paths and upskilling opportunities.

When performance reviews fail to support or inspire internal growth, progress unfortunately requires an exit. With this much misalignment, there has to be a greater problem at the core of these systems.

Research points to technology shortcomings as a key reason the performance review system is in crisis.

The Technical Setbacks Leading to Failed Competency Programs

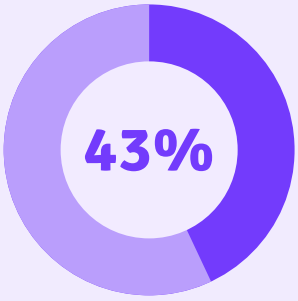


Many competency programs are doomed from the start. Organizations face multiple barriers when implementing competency programs, from technical integration challenges to organizational resistance. Competency frameworks are failing to gain traction or deliver meaningful business impact as organizations invest (sometimes millions) without identifying dedicated systems and clear processes.

Despite significant investments of time and resources, countless programs remain partially implemented, inconsistently used, or entirely abandoned, representing millions of wasted resources and missed opportunities. Without integration into daily workflows, competency frameworks become static documents rather than dynamic engines of organizational growth.

Where's the Follow-Through?

Of the 69% of respondents who have developed or tried to develop a competency/capability program, **only 57% say the program was fully integrated into day-to-day operations.**

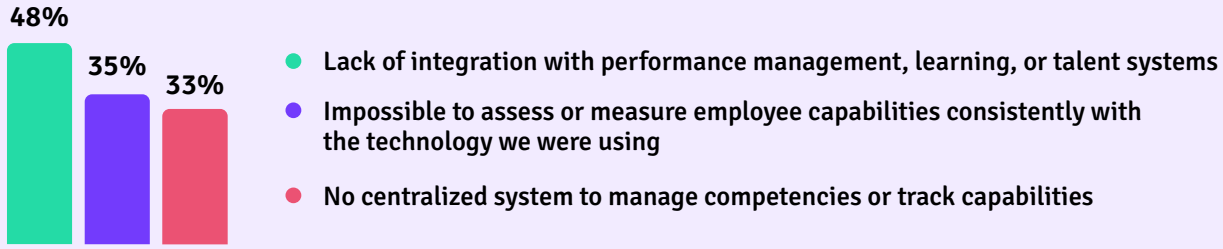


That means nearly half of organizations launched programs that were never fully integrated and never became a functional part of the employee experience. Instead, these programs sit on the shelf, leaving employees disconnected from decisions about performance, learning, or advancement.

The Pervasive Technology Gap

Competency programs often require tight integration with performance management platforms, learning systems, and other HR tools to be effective. Yet for many organizations, this simply isn't happening.

What were the top technical barriers to the success of your organization's competency/capability program? (Select up to three)

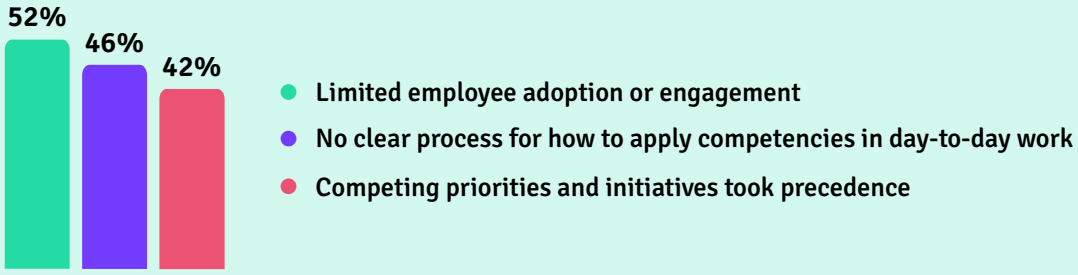


Even with the right ideas in place, organizations are struggling to operationalize them. Without the right infrastructure, even the best frameworks collapse under their own complexity.

The Organizational Challenges are Just as Big

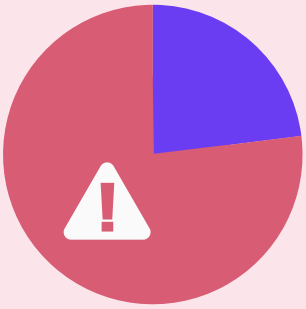
The technical hurdles are daunting, but they're not the only barriers. Organizational dynamics often slow or stall momentum as well. These aren't just tool problems; they're trust, culture, and change management problems.

What were the top organizational barriers to the success of your organization's competency/capability program? (Select up to three)



When a competency framework exists in theory but not in practice, employees feel disengaged. It starts to feel like another HR exercise, not something that will help them grow.

Challenges Around Every Corner

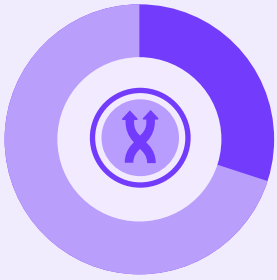


Only 23% of organizations cite no issues with the development or use of the program. This means a concerning 77% are experiencing challenges.

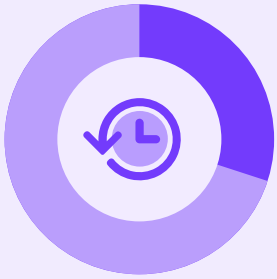
Issues experienced while developing or using the program include:



34%
Difficult to accurately differentiate between capabilities and skills



30%
Inability to identify which skills and capabilities are associated with the various job roles in our organization



30%
Our leadership team has attempted a similar program in the past and they are hesitant to pursue this again

When programs get caught in the loop of “we’ve already tried this” or “we’re not even sure what we’re measuring,” they tend to stall in a cycle of false starts. Employees notice, leadership gets frustrated, and the system, once again, becomes shelfware.

All this adds up to a troubling reality.



35%

Only a third of respondents feel confident that their organization can accurately identify and measure employee competencies/capabilities and have a well-defined system in place.



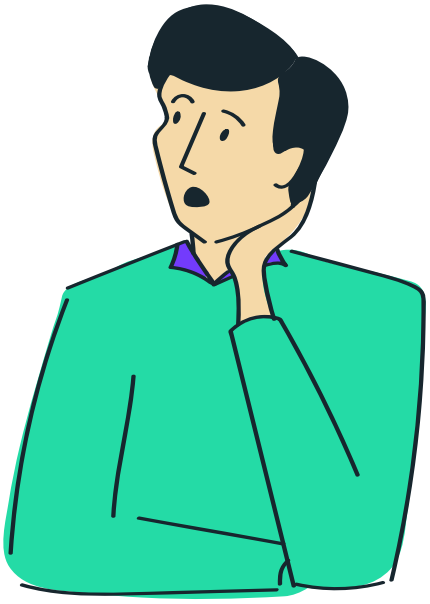
48%

Nearly half of respondents only feel somewhat confident, saying they track competencies and capabilities but admit the process needs improvement.

The picture so far is clear: **Organizations are investing heavily in competency and performance systems that aren't delivering.** Employees are disengaged, systems are fragmented, and leadership is often out of touch with the lived experience of the workforce.

Beneath the frustration, most organizations want to get this right. The intent is there, the investment is there, and so is the appetite for change.

What does it take to turn a system that's eroding trust into one that empowers growth, fairness, and meaningful development? The data offers a solution for the road ahead.



The Path Forward: Centralized, AI-Enabled Systems as the Lifeline for Struggling Leadership



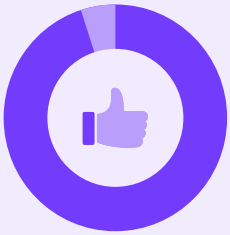
The challenges with today's performance systems are undeniable. Despite the current state of performance management, organizations remain optimistic about the future of capability-centered performance management, particularly when supported by integrated technologies and AI solutions.

By establishing clear competency frameworks aligned with business goals and leveraging intelligent technology, companies envision more transparent, fair, and effective performance processes.

The survey results represent a growing recognition that connecting individual capabilities directly to organizational performance requires both human insight and technological innovation. The future of performance is capability-centered, tech-supported, and deeply human.

Conversations That Actually Matter

Almost unanimously, respondents agree people want better conversations about performance.



95%

of respondents believe it is important or very important to have a two-way dialogue between employees and managers about performance and competencies/capabilities.

This isn't about ticking boxes or chasing arbitrary goals, it's about creating space for real feedback, shared understanding, and aligned growth.

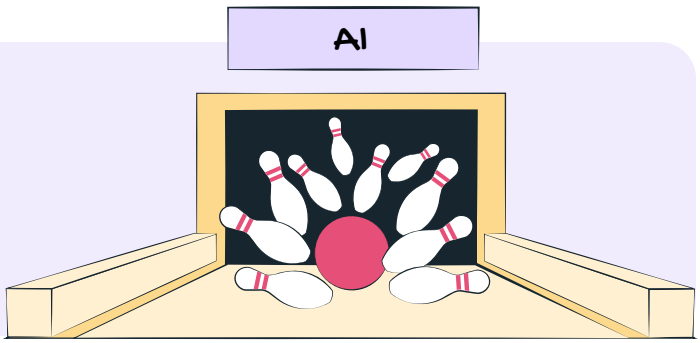
How can these conversations happen in a more meaningful way?

The majority (92%) of respondents believe a solution that provides a well-defined capability index score that could integrate with other systems (e.g., HR systems) would, or probably would, be more effective/beneficial than an arbitrary number or ranking.

The bottom line: Employees want tangible, relevant feedback rooted in the work itself. All signs point toward technology to help make this happen.

Hopes are High for AI, But With Guardrails

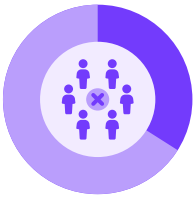
Nearly all respondents (89%) are on board with using AI to assess competencies/capabilities. Still, enthusiasm comes with caution.



When asked what concerns, if any, respondents have about using AI to help assess competencies/capabilities, the top cautions were:



36%
Concerns around data privacy or security



34%
Lack of internal comfort/training with AI

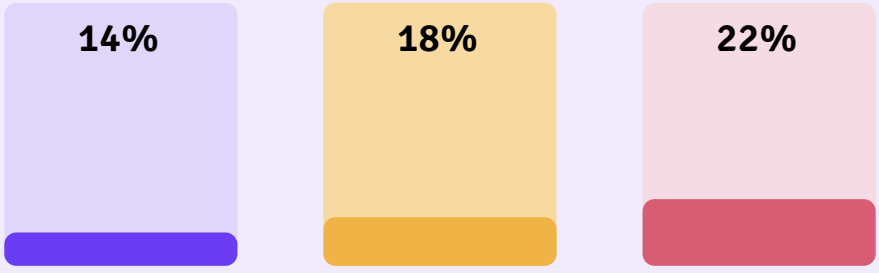


32%
AI engines are too generic and not trained specifically to build skills taxonomies and frameworks

The hesitation is even more pronounced in larger companies, where scale amplifies complexity.

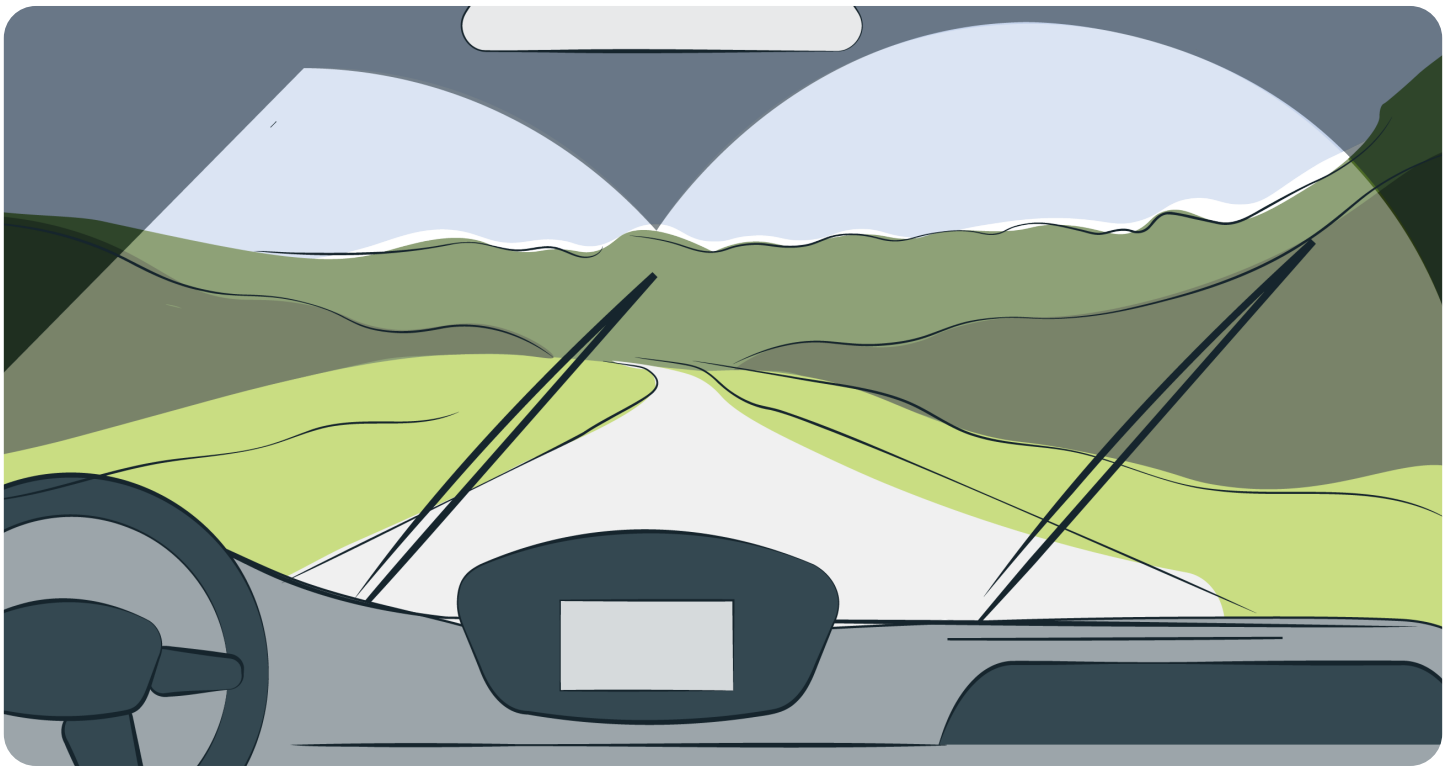
When asked whether their organization could benefit from using AI to help assess competencies/capabilities, **32% of organizations with 10,000+ employees and 32% of organizations with 5,000-9,999 employees** say they might benefit, but **have concerns** about how it would integrate with current data and processes.

This is compared to:



The data underscores the need for solutions that are flexible, customizable, and purpose-built for workforce development.

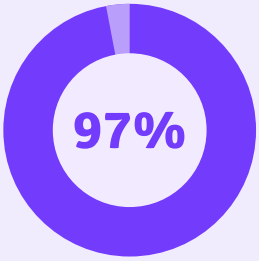
A Centralized System = Clarity and Confidence



After years of trying to make broken systems work by patching them together with new tools, vague frameworks, and inconsistent evaluation methods, one vision is gaining momentum: **A single, centralized system that connects the dots between people's skills, the work they do, and the goals of the organization.**

Respondents were asked if they would use competencies and capabilities as the primary way to assess employee performance if they had a simplified, centralized mechanism to do so, and the results were telling. **Nearly three in four (73%) say yes, and another 22% say maybe, noting they would want to understand the benefits better.**

This shows a massive shift in mindset, especially for a space long dominated by subjective reviews and surface-level feedback.



Among those in favor of a centralized capability tracking system (to outline the combination of knowledge, skills, abilities, behaviors, and attributes required to perform a job effectively), **nearly all** believe it would positively impact business. The benefits show where current systems are failing and how desperately organizations seek improvement.

Top business benefits of a centralized capability system

55% Improve visibility into employee skills and career paths

38% Higher productivity and performance

34% Increased revenue growth

48% Enhance employee engagement and job satisfaction

36% Reduce administrative burden in tracking and managing capabilities

Optimism itself isn't enough. **Organizations require the right building blocks in order to successfully use competencies and capabilities to assess performance.** Specifically:

1. A clear and standardized competency/capability framework (55%)
2. A system to track and measure competencies/capabilities objectively (53%)
3. A streamlined process to align competency/capability frameworks with job roles (49%)

Organizations are ready to commit to a significant budget. When asked how much they would spend on a system that accurately tracks and measures employee competencies/capabilities for performance assessment:

- 24% say $250,000 – $1,000,000
- 23% say $50,000 – $249,999
- 10% say more than $1,000,000



The market is ready to act. This shift toward centralized, capability-led systems for performance and learning management signals more than just a change in process, it marks a philosophical turning point.

Employees are tired of outdated, demotivating models and instead seek performance frameworks that are transparent, actionable, and fair. The future of talent development isn't about ticking boxes or retroactive scoring, it's about building a dynamic, data-informed picture of what people can do, what they want to do, and how that aligns with the company's evolving needs.

With the right tools and mindset, performance management doesn't have to be a burden. It can be a lever for growth for individuals, teams, and the business as a whole.

Conclusion

The data paints a distinct picture: The state of performance management today is deeply fractured. **Despite massive investments in time, tools, and talent, most organizations are stuck with outdated systems that fail to reflect actual employee contributions.** Employees are left feeling disengaged, leaders are out of sync, and the systems designed to support growth and development are often doing more harm than good. Reviews are biased or arbitrary, competency programs stall out, and the emotional toll of broken systems is contributing to burnout, attrition, and lost productivity.

Buried within this frustration is a silver lining: All parties are seeking change. The survey reveals that leaders and employees alike are aligned in their belief that capability-centered, transparent, and collaborative performance management is the way forward. **There's a shared understanding that when people know what's expected of them, how they can grow, and how their work contributes to the bigger picture, they perform better, and so does the business.** The system isn't failing because people don't care about performance; it's failing because there hasn't been a way to fairly and consistently track performance in a manner that results in an actionable path forward.

That's why capabilities matter.

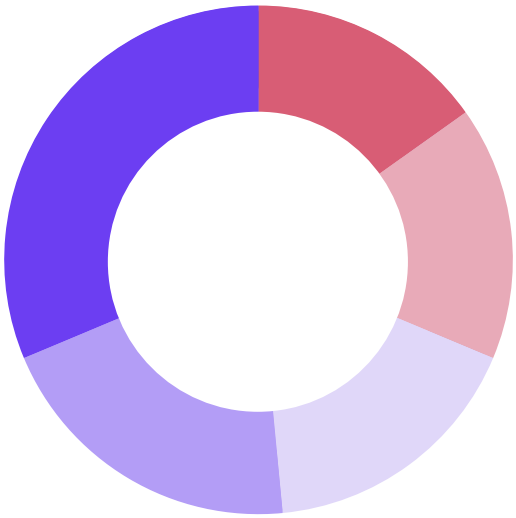
The desire for collaborative conversations, clear growth paths, and objective systems is strong across all levels of the organization. While technical and organizational barriers remain, **the appetite for change is just as present, especially when supported by centralized systems, integrated data, and smarter tools.**

Technology, especially AI, has a role to play in making this vision real. When organizations shift to **competency-driven performance management** that is anchored in real capabilities, aligned with strategic goals, and supported by the right technology, performance conversations become clearer, more collaborative, and actually helpful. **Employees can see how their work contributes to something bigger; managers have the tools they need to coach and develop their teams; leaders gain visibility into strengths, gaps, and future potential.**

Organizations that embrace this shift won't only repair a broken system, they will unlock the full potential of their people and build a more resilient, future-ready workforce.

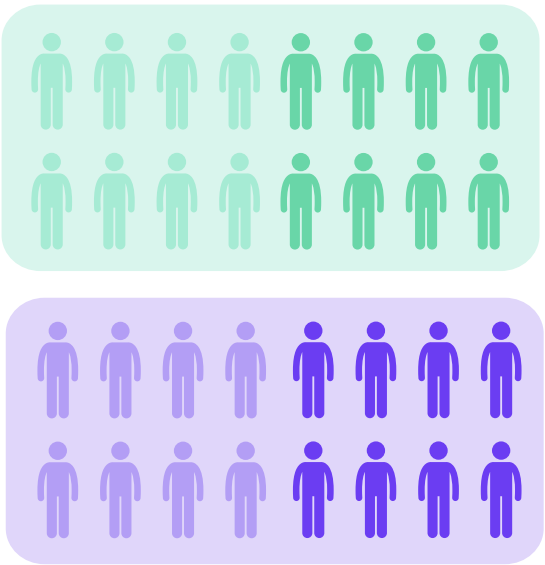
Survey Respondent Demographics

1,239 U.S.-based respondents were surveyed



Organization Size

- **15%** 1,000 - 1,499 employees
- **16%** 1,500 - 2,999 employees
- **17%** 3,000 - 4,999 employees
- **20%** 5,000 - 9,999 employees
- **31%** 10,000+ employees



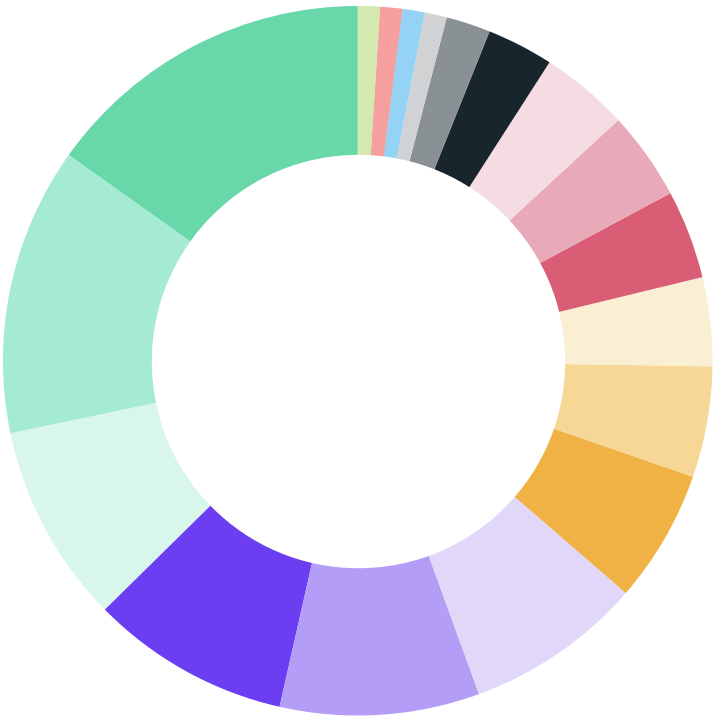
Primary Role

- **50%** With direct reports
  - 25% Executive (VP or C-level)
  - 25% Manager/Director (with direct reports)
- **50%** With no direct reports
  - 25% Manager/Director (no direct reports)
  - 25% Individual contributor (no direct reports)



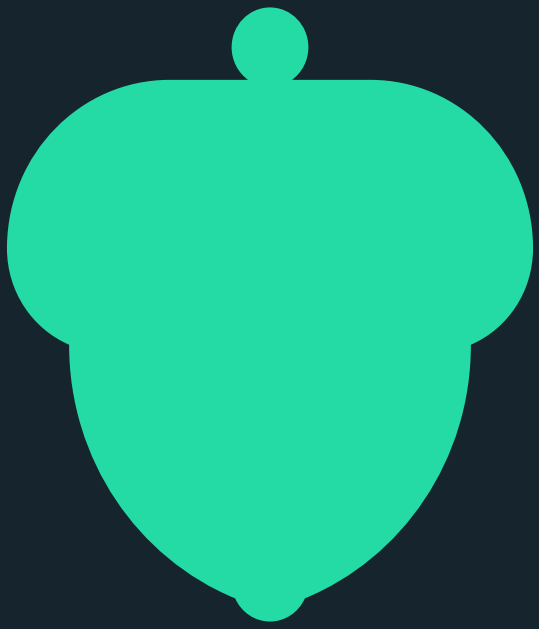
HR or L&D Professionals

- **51%** Either HR or L&D professionals
  - 37% HR Professional
  - 13% Learning and Development Professional
- **49%** Not a HR or L&D professional



Primary Industry

15%	Retail, Ecommerce, Wholesale and Distribution
13%	Technology (IT Hardware, Software, and Services)
9%	HR/Staffing
9%	Life Science and Healthcare
9%	Financial Services
8%	Education
6%	Business Services
5%	Transportation
4%	Consumer Products
4%	Computer Software/Hardware
4%	Public Administration/Government
4%	Other
3%	Insurance
2%	Nonprofit/Not for Profit
1%	Media & Entertainment
1%	Marketing & Advertising
1%	Real Estate
1%	Telecommunications



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