performance appraisal

Frequency, fairness, and clarity of performance evaluation

Performance appraisals have the potential to significantly improve both individual and organisational performance. Yet the ways in which performance appraisals are conducted strongly impact employee engagement, perceptions of organisational fairness, and can even negatively impact performance.

suggested actions

- **prioritise** Although it may be difficult or confronting for managers, providing feedback to employees on how well they are doing is necessary for reinforcement or improvement of performance. Keep managers accountable for conducting performance appraisals to provide each employee with formal feedback every 6 months. Have a template to document the process and results, and a plan for tracking development. Encourage managers to provide informal feedback on performance between formal appraisals, as more frequent feedback is perceived as fairer and allows staff to improve their performance prior to the performance appraisal.

- **clear purpose** Ensure that employees understand who will see their appraisal results and how they will be used, e.g., for professional development, training, career or succession planning. Research suggests that greater positive gains in performance can be achieved when the performance appraisal is used solely for developmental purposes rather than to determine pay and promotion.

- **employee voice** One of the strongest predictors of positive outcomes from performance appraisals is the extent to which employees participate in the discussion. Managers must not do all the talking. To support participation, provide employees with the appraisal template/form in advance of the meeting. Encourage them to rate their own performance and note reasons and examples to support their self-ratings. Promote two-way communication during the performance review, jointly decide how to rectify any problems and establish mutual goals for future performance. Provide a formal appeal procedure for employees to challenge inaccurate or unfair evaluations.

- **evaluation criteria** Base the performance evaluation criteria on a job analysis or competency dimensions, align with organisation values and goals, and communicate to employees well in advance. The most effective feedback is candid, specific and focussed on task behaviours and performance only, not on the person or any part of the person's self-concept such as motives and traits. Give reasons and examples for the ratings assigned to the employee, as well as examples of desired behaviours for higher ratings.

- **appraiser** The appraiser should be familiar with the employee's typical performance (i.e., their efforts) as well as outcomes, and trained how to conduct the review and evaluate performance. Perceived supervisor support and fairness is critical for employee's engagement in the process and subsequent improvement initiatives.

case study

Sylvanvale Foundation, a growing not-for-profit disability organisation with 60 years of service, recently developed and implemented a new performance appraisal system across the organisation of 530 staff. The percentage of staff rating performance appraisal practices favourably improved by 27% over 2 years, and positioned them as the highest rated disability services organisation (out of 30 organisations) on performance appraisal.

Wendy Greenhalgh, HR Manager, said the former performance appraisal system "wasn't being implemented consistently across the organisation; there was no way to measure its utilisation, it was very haphazard". All their records were paper-based so a lot of the focus was around who had completed their reviews and when they were due to be completed. The performance appraisal templates are now electronic, and they have a HR Information System which will enable HR to run timely reports and give managers advance notice of performance appraisal meetings.

One challenge was managing staff expectations and fears. Some long-term staff had never been through the process, so "for some people it was frightening; they didn't know what to expect". Employees were reassured by communicating the aims of the performance appraisal system (i.e., professional development, learning, career and succession planning) and encouraging their input to the process. The performance appraisal template is given to the employee in advance. This way staff know what will be discussed at the performance appraisal interview, so "there are no surprises", and staff are able to prepare examples to support their ratings.

HR explained the process to all front-line managers. In small groups, managers were given the template, the policy, and "did a role-play around how we expected it to be delivered". Managers were educated to explain why an employee was rated in a particular way, and encourage two-way dialogue to allow employees to voice their thoughts. Greenhalgh says managers ask questions such as "tell me how you think you've gone in that area" to elicit employees to talk first. The manager is then able to agree and provide their own examples, or they have the chance to say, for example, "In this circumstance I felt you didn't manage that particularly well" and then clarify why.

useful resources

- http://performance-appraisals.org (Performance Management and Appraisal Help Centre, Bacal & Associates)

- http://www.cipd.co.uk/subjects/perfmangmt/appfdbck/perfapp.htm?IsSrchRes=1 (Chartered Institute of Personnel and Development (CIPD), Feb 2010.

- Fletcher, C. (2008). **Appraisal, feedback and development: Making performance review work** (4th ed.). New York: Routledge/Taylor & Francis Group.

- Posthuma, R. A., & Campion, M. A. (2008). **Twenty best practices for just employee performance reviews**. Compensation and Benefits Review, 40(1), 47.

- Smither, J. W. (1998). **Performance appraisal: State of the art in practice.** San Francisco: Jossey-Bass Publishers.