
PERFORMANCE APPRAISAL

It's the intent that counts

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No aspect of management practice is more controversial or more misunderstood than the performance appraisal process. So many articles have been written on the subject that those faced with the task are understandably confused.

Assessments Are Always Taking Place

Managers have been counselled to use peer appraisals, to base appraisals on the judgements of employees, or to avoid the activity altogether because the outcome can only be negative.

They have been told that the traditional manager-employee appraisal process motivates the employee to do a better job. Conversely, performance appraisals have been attacked on the grounds that they destroy the employee's sense of worth.

But we must realize that performance appraisals will be done – if not by the manager, then by someone else. Managers who avoid making judgements on the quality of employee performance risk losing their credibility.

Here's how some appraisals are made, even in companies that do follow a formal appraisal system.

- A personable junior-level manager makes a strong impression on the president at a social gathering. The president subsequently influences a lower-level decision that leads to this manager's promotion, although he/she was less qualified for the position than other candidates.
- A forthright manager with a strong record of performance is labelled by a senior executive as a "troublemaker" because he/she criticized one of this executive's pet ideas.
- A manager with the memory of an elephant decides, "We can't promote Fudley, not after the report he wrote on the engineering project five years ago."

What, then, is best – to make judgements on the basis of limited experience or on a well-defined study of performance?

Let's expose another fallacy: that the purpose of appraisals is to motivate the employee to do a better job. This reflects a misunderstanding of the nature of motivation. Motive is defined as: "that within the person which incites him/her to action."

Motive, then, is an inner quality. You don't pour motive into people. *You do not motivate people.* The best you can do, and this may require considerable skill, is to create the conditions that allow motivated behaviour to express itself in productive ways. Dr. Frederick Herzberg said, "I can charge a man's battery, and then recharge it, and recharge it again. But it is only when he has his own generator that we can talk about motivation."

So What Is the Purpose of Performance Appraisal?

- It lets the employee know where he/she stands.
- It identifies the employee's strengths and weaknesses, so that the manager and employee can then work together to improve job-related behaviour.
- It provides information for salary decisions, since salary must bear a significant relationship to performance.
- It provides human resource planning information by identifying the organization's talented performers and by identifying the training and development required.
- Indirectly, increased motivation could seem to be a result of the appraisal process. But the trigger for change has come from outside, not from within. An employee's work improves because he or she knows what is expected. Improvement could also result because the employee realizes the manager cares enough about performance to talk about it with him or her, and to show that improvement is expected. It is more practical to talk about behaviour than about motivation.

Coaching, which should be an outcome of the appraisal review, must focus on behaviour and avoid reference to personality. Basic personality does not change, but people can learn to behave in more effective ways.

"Intent" Is More Important than "Process"

No performance appraisal can be effective unless the climate for change exists. An enlightened perspective on the part of management counts far more than any book of rules.

An enlightened perspective is one in which:

"Managers who avoid making judgements on the quality of employee performance risk losing their credibility."

“Mutually agreed upon objectives should be set, beginning with what the employee wants to achieve.”

1) Performance appraisal and development involves the organization’s senior executive(s).

This does not mean that the president administers the program; it does mean that she or he wholeheartedly endorses the effort, not only through words but through actions. The most powerful stimulus to supervisory and management appraisal and development comes from the president.

2) Managers understand human behaviour.

The definition of management as the “art of obtaining results through other people” is still valid. An appraisal program fights an uphill battle when managers fail to see human development as the key to organizational development, or when they cannot understand how behaviour can change.

3) The emphasis is on performance, not personality.

The objectives in developing more effective performance are changes in behaviour, not in personality. For example, managers can work with their employees in such areas as interpersonal skills, style of communication, quality of judgement, and use of authority. There should be no attempt to change underlying personality traits.

4) The manager-employee relationship is recognized as crucial.

There can be no substitute for an employee’s own manager when considering the communication of judgements about performance. Real development takes place on the job. It is the only place where involvement is meaningful and real-life experience is possible. One’s manager has a substantial influence on this process.

5) Motive and attitude are recognized as being more important than technique and skill during the appraisal process.

Training films, books and discussion stress the form and structure of performance appraisal; however, mastery of the technique does not guarantee effective appraisal. The important factor is the manager’s genuine desire to understand, evaluate and develop the employee. Having this desire, managers will find their own best way of ensuring the appraisal is completed.

6) There exists a spirit of dynamism that gives vitality to the appraisal program.

How people feel about their jobs, about each other and about their company depends upon the quality of leadership. Dynamism is made up of many things: a corporate philosophy that makes sense of the company’s existence, an attitude of *joie de vivre*, and an inherent

expectation and enjoyment of change. Excellence is a state of mind.

Setting the Stage

Unless he or she is God, the appraiser (i.e. the manager conducting the performance review) should seek another opinion. The most suitable person is the appraiser’s own manager. It happens sometimes that a decision is countermanded by higher authority, often because the decision is thought to be too lenient. This undermines the authority of the appraiser, and can be avoided if the appraiser’s own manager can be asked to give an opinion before the rating is set. If the employee being appraised reports directly to a line manager, then the line manager should also (or alternatively) review the appraisal.

Appraisers should base evaluations on their own experiences, and not on gossip. Failure to do this is another way in which a manager loses respect and credibility with employees. *The integrity and openness of relationships are precious assets in any organization and are easily destroyed by the mishandling of appraisal information.* Why risk demoralizing employees by repeating anonymous criticisms of their performances? Employees will resent the fact that managers are unable to make criticisms based on their own experiences.

No New Information

Let there be no surprises – don’t save up incidents. Communication about the specifics of performance, both positive and negative, should be made at the time the behaviour occurs, not withheld until the end of the year.

The manager-employee teams should jointly establish and agree upon goals and standards at the beginning of the year. These will then be used as the appraisal criteria at the year’s end. The teams should regularly keep in touch regarding performance issues. There should be little, if any, new information communicated during a year-end appraisal. The emphasis should be on integrating and evaluating the specific aspect of performance previously observed.

Mutually agreed upon objectives should be set, beginning with what the employee wants to achieve. This way, any disparity between the employee’s goals and those of the company will come up for discussion. As well, employees are happier to cooperate in achieving goals they have helped to formulate.

Performance goals must be defined in such a way that goal achievement can be

observable in behaviour. Emphasis on quantifying all goals can be a delusion. Sometimes a person's most significant achievements cannot be evaluated in numerical terms. For students, promotion or failure depends on classroom participation as well as on examination results. The teacher exercises judgement. So must the manager.

Performance Development Plan

Performance assessments are necessary, but not necessarily evil. They can be useful and productive for both the individual and the organization. How?

Intuition is not enough. An alternative is to use a performance and development plan like the one that follows. It provides a basis for regular consultation between the supervisor and employee regarding the employee's success at achieving goals and personal growth objectives. The plan is meant to be used by both the supervisor and employee, and copies are to be kept only by them.

- **Key responsibilities/performance standards:**

List key responsibilities. The job description may be consulted as a basis for this discussion, but agreement between the manager and employee on key responsibilities must go beyond the job description to deal with the specific content of the job. Performance standards must be written to describe the expected level of performance.

- **Results achieved compared to expectations:**

List major results that were achieved during the previous year and compare them with performance standards and how they were met. Take into account any unusual circumstances.

- **Performance goals for next year:**

List key job performance goals and completion dates, where possible. Some job performance goals may not be readily

quantifiable, or their achievement may be affected by extraneous circumstances. For such goals, criteria for evaluating successful achievement should be agreed upon. Action plans that state the major steps to be taken to achieve each goal should be specified.

- **Development plan for next year:**

Discuss and agree upon actions to be taken by the manager and employee in order to achieve employee development over the coming year. Emphasis should be on job effectiveness, with particular attention to desired areas of personal growth. Personal growth objectives must be stated in a behavioural way. They must be defined so that their attainment is observable in the subordinate's job behaviour.

- **Performance Rating**

Exceeds Performance Standards

Performance goes well beyond job requirements in the key areas of responsibility. Performance clearly exceeds normal expectations. There are no weak areas. The individual demonstrates thorough knowledge of the job and has a strong background of experience in the position.

Meets Performance Standards

Performance meets job expectations. Major objectives are achieved. Performance may exceed expectations in some areas and may be deficient in others, but key responsibilities are carried out in a satisfactory manner.

Marginal

Job requirements, including key performance standards, are not being met in a satisfactory way. The individual fails to carry out some key responsibilities. Continuation in the position at this level of performance is not acceptable.

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