

# Effective Appraisals

So how am I doing?

The following Fact Sheets are available on line at [www.aofp.ca](http://www.aofp.ca):

1. Becoming an Employer of Choice
2. Employee Turnover
3. Using the Turnover Calculator
4. Fostering Employee Commitment
5. Keeping your Good Employees
6. Employee Engagement
7. Essential Skills
8. Workforce Diversity
9. Managing a Family Business
10. Rewards
11. Recruiting Foreign Workers
12. Orientation
13. Employee Empowerment
14. Introducing Technology
15. Effective Appraisals

## How can this Fact Sheet help me?

Performance appraisals give important feedback both to the employee and the employer. But performance appraisal conversations can be uncomfortable for employees and their managers, so they are often done inadequately or not at all. This fact sheet will help you perform effective appraisals.

## Challenges and Opportunities

Good performance appraisals can clarify performance expectations, deepen employee commitment, and improve performance. They can also help the organization identify barriers to performance, training and development, and target employees who are ready for more challenging work.

Performance reviews hold much promise, but require careful and skilful implementation. This is because few people enjoy giving negative feedback, and even fewer people look forward to receiving it. Employees may feel defensive or resentful if the performance appraisal is not handled effectively.

### Ensuring Effective Appraisals

- Coach managers to conduct effective performance appraisals.
- Train managers to provide employees with ongoing, timely, and constructive feedback.
- Instil a sense of responsibility in your workers and hold them accountable for results.
- Recognize and celebrate employees' achievements.

## Case Study

At **Strub Brothers Limited**, all full-time administrative and management employees undergo an annual formal performance review. In 2007, line leaders and fork-lift drivers were also added to the process. These reviews are two-way conversations, with a focus on development. As explained by a Production Supervisor, when deficiencies are identified, the focus needs to be on asking, "How can I help you get better in this area?" These discussions are supported by a standard form that requires a numerical rating for each area of responsibility. In addition, any agreements concerning required training or other follow-up action are recorded.

## Case Study

At **Wrigley Canada** every "associate" in the company participates in an annual performance review conducted by their team leader. Associates are encouraged to keep a detailed record of their achievements and activities and to discuss these with their coach, particularly those that have made a contribution to their departments and their personal goals. Departmental goals are worth 70% of the overall assessment weighting and pertain to such measures as production levels, quality, efficiency and customer satisfaction. Personal goals are worth 30% of the assessment weighting and pertain to such measures as accountability, teamwork and safety. The leader's assessment of the work and the extent to which goals have been achieved is directly tied to pay level and opportunities for development. Team Leaders are provided with training and coaching in giving performance reviews. Key lessons include the importance of being focused and objective, setting a constructive tone, considering the whole year (not just recent activities), and keeping an active record of the employee's contributions. The process is monitored by having a manager at least one level up review the appraisal.

## Solutions

The following steps are recommended for conducting effective performance appraisals:

### Before the Performance Appraisal

1. Well in advance, notify the employee of the appraisal meeting (purpose, date, time and location).
2. Communicate the format of the discussion (e.g., rating forms to be used, rating of the supervisor, self-rating). This may also involve establishing rules for communication, effective listening and constructive feedback.
3. Have the employee prepare for the meeting by completing a self-appraisal which includes a performance assessment, goals achieved, reasons for shortfalls, areas for improvement and development, and suggested future goals.
4. Have the manager prepare for the meeting by reviewing performance data and notes and soliciting feedback from others as appropriate.

### During the Performance Appraisal

1. Conduct the performance appraisal in a private setting, away from distractions, and with ample time allotted for delivery and discussion.
2. Encourage two-way communication, negotiation, and active participation of the employee.
3. Put the employee at ease. Encourage the employee to take the initiative in the conversation and to problem-solve.
4. Encourage the exchange of valid information and decrease employee defensiveness by using active and open listening.
5. Provide a balanced performance review by including comments about both strengths and areas for improvement.
6. Negotiate the overall evaluation – this involves a reconciliation of both employee and manager scores for each performance area.
7. Summarize the discussion.
8. Jointly establish goals and develop a concrete plan of action to improve performance in the coming year or performance cycle.
9. Arrange follow-up discussions regarding development and performance in between appraisal meetings as required.
10. Document the results of the performance appraisal and have both the employee and supervisor sign.
11. Close the discussion. If opportunities for advancement exist and the employee has potential to advance in the future, discuss these possibilities. On the other hand, if the employee is performing poorly, it is important to convey where he or she stands.

## References

- Beer, M. (1987). Performance Appraisal. In J. Lorsh (ed). Handbook of Organizational Behavior (pp. 286-300). New York: Prentice Hall.
- Hewitt Associates. (2004). What makes a best employer? Insights and findings from Hewitt's global best employers study.
- Dessler, G., Cole, N.D., & Sutherland, V.L. (2005). Human Resources Management in Canada (9th ed). Toronto: Pearson Prentice Hall.
- Mayer, R.C., & Davis, J.H. (1999). The effect of the performance appraisal system on trust for management: A field quasi-experiment. *Journal of Applied Psychology*, 84, 123-136., CA: Jossey-Bass.

## The following Fact Sheet may be helpful:

### 8. Workforce Diversity

This resource is available on line at [www.aofp.ca](http://www.aofp.ca) under Workforce Development.

### ADVANTAGES OF BEST PRACTICES

- More qualified job applicants
- Better trained and informed employees
- Better health and safety practices
- More engaged and productive employees
  - Fewer line interruptions
- Fewer product quality problems
- Easier implementation of new technology
- Lower absenteeism and employee turnover
  - Higher sales per employee
- Higher market value to book value

## Common Problems With Performance Appraisals

- Overly complicated forms and procedures.
- Vague, inappropriate, or unrealistic performance expectations.
- Lack of valid and reliable data.
- Performance standards that are not based on job criteria.
- Lack of training for those conducting appraisals.
- Lack of supervision of the process.
- Lack of adequate preparation by the employee or manager.
- Inadequate time dedicated to deliver the assessment.
- Exclusive focus on what was achieved (the ends) as opposed to how the ends were achieved (the means).
- Subjective scoring of performance that results in an overly lenient or overly critical evaluation.
- Supervisor favouritism.
- Undue focus on the employee's most recent performance, as opposed to the period under review.
- Poor interpersonal and communication skills.
- Destructive as opposed to constructive feedback and lack of information about how to improve.
- Insufficient consideration of language and cultural differences
- Lack of day-to-day feedback.

## How do I start?

1. Establish a committee with broad representation to review the organization's current approach to providing feedback.
2. Provide training, coaching, and support to managers and supervisors to help them to effectively manage performance.
3. Ensure that the following components are in place.

At the beginning of the performance period, the manager and employee jointly establish realistic, challenging and measurable performance goals and expectations. These goals are aligned with organizational goals and priorities and with the employee's job description, including:

  - i. Important job duties and responsibilities.
  - ii. Engagement behaviours (those behaviours that go above and beyond responsibilities such as helping coworkers, taking the initiative to challenge the way work is currently being done to improve operations, etc.).
4. Provide access to the necessary resources, tools, on-the-job assignments and training and development opportunities to enable the employee to achieve their goals.
5. Ensure ongoing constructive and timely feedback and coaching to support employee development and achievement of performance goals.
6. Formally evaluate performance at the end of each performance management cycle.