PERFORMANCE APPRAISAL: ISSUES AND OPPORTUNITIES

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Abstract. Performance appraisal systems have several purposes. Appraisals are often tied to rewards and pay, placement and promotion, and training and development. The establishment of agreed-upon performance standards between employees and managers is crucial to the appraisal process. Care must be taken to reach a consensus on the expectations of both parties before implementing the measures for evaluating worker performance.

Performance appraisal systems have several purposes. Appraisals are often tied to rewards and pay, placement and promotion, and training and development. A system of appraising worker performance can also assist in human resources planning and job definition.

Furthermore, performance appraisals have three important objectives:

- To encourage good performance, and to correct and discourage substandard performance
- To provide a foundation for future human resources decisions
- To provide a basis for the employee's training and future development

There are also important criteria for designing performance appraisal systems which include (American Compensation Association, Individual Perf. Mgmt., p. 2.15, 1992):

- Standards for performance appraisals should be based on an analysis of job requirements. (Records of job analyses should be maintained by the entity.)
- Performance standards must be communicated to employees in advance of performance appraisal.
- Employees should be evaluated on specific dimensions of job performance rather than on a single, global, or overall measure.
- Performance should then be documented and recorded on an appraisal form.
- Appraisers should be trained to administer performance appraisals.
- Appraisers' ratings and decisions should be audited.
- Human resources decisions should be consistent with appraisals.
- A formal appeal process should be established.

Performance appraisal systems begin with a job analysis to identify important performance characteristics and standards.

Job dimensions are the essential characteristics an employee must fulfill to perform a job well. Job dimensions differ from job duties. For example, the job duties of a receptionist might be to answer the phone and take messages. The related job dimension would be customer service.

Performance measures must be well-defined and job-related to attain acceptable levels of reliability and validity. Performance measures must be documented and discussed with employees.

Evaluators often make one of five mistakes when rating performance:

- Rating an employee based on how much they like or dislike him or her
- Rating everyone at one level, e.g., high, medium, or low
- Rating an employee at the same level on each job dimension
- Letting the rating form and reference materials make the judgment instead of taking the time to make actual observations and translate them to the Appraisal form
- Letting recent performance influence ratings ("halo/horns" effect)

In the conventional performance appraisal or review process, the manager annually writes his opinions of the performance of a reporting staff member on a document supplied by the HR department. In some organizations, the staff member is asked to fill out a self-review to share with the supervisor. Most of the time, the appraisal reflects what the manager can remember; this is usually the most recent events. Almost always, the appraisal is based on opinions as real performance measurement takes time and follow-up to do well. The documents in use in many organizations also ask the supervisor to make judgments based on concepts and words such as "excellent performance," "exhibits enthusiasm," and "achievement oriented."

Performance appraisals are formal systems that provide feedback to employees. Good feedback should follow as closely as possible on an action, should be specific rather than general, and should be limited to actions that pertain to an employee's responsibilities and fall within an employee's control.

Many managers are uncomfortable in the role of judge, so uncomfortable, in fact, that performance appraisals are often months overdue. The HR professional, who manages the appraisal system, finds his most important roles are to develop the form and maintain an employee official file, notify supervisors of due dates. Despite the fact that annual raises are often tied to the performance evaluation, managers avoid doing them as long as possible. This results in an unmotivated employee who feels his manager doesn't care about him enough to facilitate his annual raise.

Why is this established process so painful for all participants? The manager is uncomfortable in the judgment seat. He knows he may have to justify his opinions with specific examples when the staff member asks. He lacks skill in providing feedback and often provokes a defensive response from the employee, who may justifiably feel he is under attack. Consequently, managers avoid giving honest feedback which defeats the purpose of the review.

In turn, the staff member whose performance is under review often becomes defensive. Whenever his performance is rated as less than the best, or less than the level at which he personally perceives his contribution, the manager is viewed as punitive. Disagreement about contribution and performance ratings can create a conflict ridden situation that festers for months. Most managers avoid conflict that will undermine work place harmony. In today's team-oriented work environment, it is also difficult to ask people who work as colleagues, and sometimes even friends, to take on the role of judge and defendant.

The manager must be able to facilitate the exchange of information between the entity and the individual. Performance appraisers who are trained to recognize effective and ineffective performance and are aware of possible system problems will provide more reliable

ratings than untrained appraisers. Training helps appraisers develop a common frame of reference for evaluating performance.

A performance management system starts with how a position is defined and ends when you have determined why an excellent employee left your organization for another opportunity.

Within such a system, feedback to each staff member occurs regularly. Individual performance objectives are measurable and based on prioritized goals that support the accomplishment of the overall goals of the total organization. The vibrancy and performance of the organization is ensured because it focus on developmental plans and opportunities for each staff member.

Performance standards must be communicated to employees in advance of performance appraisal. Employees are more receptive to a performance appraisal system when open communication and discussion of the system occur between managers and employees. Information about the appraisal process should be presented in a format that allows employees to feel actively involved in the process. Communication about the performance appraisal system should demonstrate the value of the system to the employee. Communication of the system should include written documentation. Training on the performance appraisal system should include the mechanics of the system and the skills needed to operate the system.

The establishment of agreed-upon performance standards between employees and managers is crucial to the appraisal process. Care must be taken to reach a consensus on the expectations of both parties before implementing the measures for evaluating worker performance.

In a performance management system, feedback remains integral to successful practice. The feedback, however, is a discussion. Both the staff person and his manager have an equivalent opportunity to bring information to the dialogue. Feedback is often obtained from peers, direct reporting staff, and customers to enhance mutual understanding of an individual's contribution and developmental needs. (This is commonly known as 360 degree feedback). The developmental plan establishes the organization's commitment to help each person continue to expand his knowledge and skills. This is the foundation upon which a continuously improving organization builds.

Policies and procedures for the appraisal system must be written either in policy format or in a manual. Performance should be documented and recorded on an appraisal form. Evaluation criteria should be clearly stated. Evaluations should include supporting documentation and evidence of feedback. The appraisal system should allow for a response from the employee verifying that the results of the appraisal have been communicated to him or her.

Leading the adoption and implementation of a performance management system is a wonderful opportunity for the HR professional. It challenges the creativity, improves the ability to influence, and allows fostering real change in the organization.

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