

# Performance Appraisals

**Sunil Dissanayake**

THIS TIME OF THE YEAR NOW, where companies begin the annual performance appraisal process for conclusion in time for merit based pay reviews, which happens at the end of the financial year in March. Those organizations which have not yet developed a meritocracy, may now be evaluating suitable appraisal processes for introduction at the beginning of the financial year in April.

Therefore, I thought it appropriate now to discuss in this article a basic form of performance appraisal as an introductory tool for the benefit of those who have not been exposed to performance appraisals.

Those of you who have read my article titled 'PERFORMANCE CHECK' in the March 1997 issue of Business Today, (if you don't have a copy of this issue, you could purchase one from the publishers of this magazine) would have understood that there are other types of more sophisticated appraisal processes. To my mind the most advanced and the best appraisal process to obtain qualitative and quantitative feedback is the 360° appraisal process which I discussed in the March issue. This type of appraisal process eliminates the subjective, judgmental and biased approaches to an appraisal.

However, the 360° appraisal should be introduced only when your basic appraisal process has matured and when you have reached the maintenance stage. In the company where I am employed (Carson Cumberbatch & Co. Ltd.) we have been able to successfully introduce and implement a basic performance appraisal process, mature and maintain same over the past three years. (Thanks to the commitment, dedication and acceptance of the process by all levels of employees, from the CEO and board of the group right down to the grass roots) We are now in the process of making a gradual shift to the more sophisticated 360° appraisal process beginning the upcoming financial year.

## **Introduction**

All employees have the right to know what is expected of them in their jobs and how well they are meeting those expectations. It is up to every supervisor to provide those employees with honest, objective evaluations of their performance-

identifying areas where improvement is needed, and helping employees to make that improvement are crucial management responsibilities. There is, however a consistent approach to be used when appraising all employees. This approach should comprise of the following two distinct yet overlapping activities.

1). Continuous Evaluation and

2). Formal Appraisal.

### **Continuous Evaluation**

One activity is the, ongoing informal evaluation of an employee's job performance on a day-to-day basis. This informal evaluation process may take many forms, depending on the individual supervisors and employees involved.

It could be a series of spontaneous dialogues or discussions based on the supervisor's observation of the employee's job performance or it could be more structured a periodic review, preferably quarterly, based on established criteria, throughout the financial year. The purpose of this ongoing evaluation is to encourage an open and honest dialogue between the supervisor and the employee, about the employee's activities, tasks and conduct.

### **Formal Appraisal**

The second phase in the evaluation is a formal, written review of staff members performance over a given period of time. These formal performance evaluations must take place at least once a year, but may occur more frequently under certain specific circumstances. For example the transfer of an employee or a supervisor frequently makes a performance appraisal necessary. So does a significant change in a staff member's level of performance. This formal appraisal measures actual performance or results against job responsibilities as defined by the standards established for the job for that period.

### **Responsibility for Appraisal Process**

The person directly supervising the employee is in the best position to appraise the performance of the employee. Where possible, he/she should be assisted by or should consult with other executives having direct knowledge of the performance of the employee (i.e. matrix relationships).

## **Appraisal Discussion**

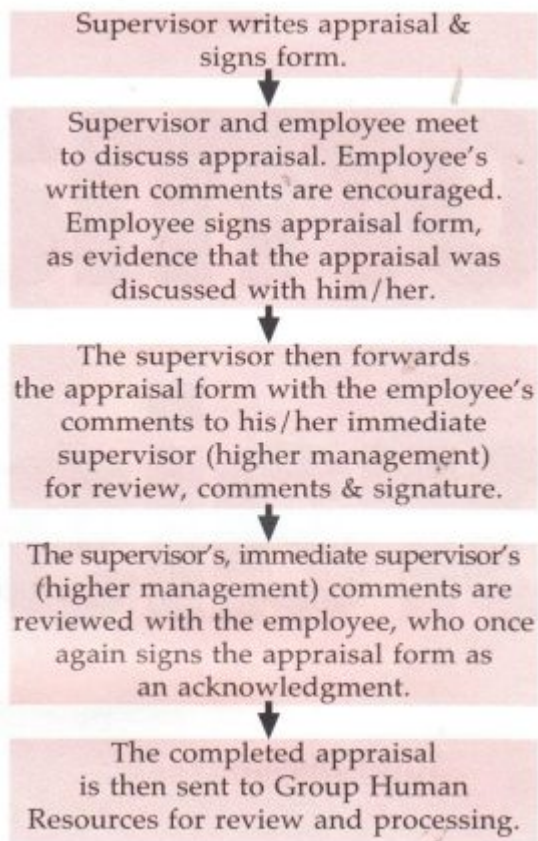
The care and thought which go into the performance review become effective only when communicated to the employee. The goal is honest and constructive two-way communication. This communication/discussion process between the employee and the immediate supervisor is the most important part of the process. It is normally a good practice to give the employee a written copy of the appraisal the day before the discussion is conducted. The objective of the discussion should be to discuss the specific plans to further develop and/or improve the performance of the employee and not as a punishment tool. Career plans and any other performance related matters should also be discussed at this time.

## **Comments of Employee**

The employee should be encouraged to express his/her comments about the written appraisal. These comments should be indicated on the appraisal form by the employee in the space for employee's comments.

## **Review and Signatures**

The final stage in the appraisal proc-



ess is to obtain the necessary signatures on the appraisal form. Following would be ideal steps in the review and signature process.

## **Disputes**

In case of a dispute on the appraisal between the employee and the immediate supervisor, the supervisor's supervisor (higher management) attempts at a resolution. Failure to reach consensus would result in the CEO of the company giving his/her ruling on the disputed appraisal, which would then be final. The CEO in this instance would normally consult with all concerned parties as well as the Head of Group Human Resources.

## **Performance Standards**

Below is a suggested guideline for setting performance standards, which should be communicated to all employees prior to commencement of the period for which performance is being reviewed and to all new hires at the orientation program.

PERFORMANCE CATEGORY	PROFESSIONAL COMPETENCE	WORK QUALITY & TIMELINESS	PROBLEM RESOLUTION	TEAMWORK	WORK HABITS	LEADERSHIP
DEFINITIONS	Consider communication skills, product knowledge, service ethic, sales performance, procedural compliance	Consider all performance indicators, accuracy, time management, efficiency, planning & implementing skills	Consider probing & coping skills, communication skills, creativity & innovation	Consider commitment, caring, cooperation, information sharing, adaptability, motivation, organizational awareness	Consider independent initiative, integrity, dependability	Consider communication skills, team building skills, motivational skills, staff development, caring, counseling & coaching skills
<b>1 EXCEPTIONAL</b>	Clearly and consistently demonstrates superior proficiency, is recognized as an expert. Broad exceptional knowledge & skill.	Performance regularly exceeds job requirements. Efficient & effective use of time. Plans & implements well. Work product frequently exceptional.	Consistently anticipates problems. Skilled at dealing with complicated issues. Solutions are creative, effective & often elegant.	Consistently leads in creating teamwork. Frequently directs & motivates work group. Exceptional team leader.	Rarely requires supervision or follow-up. Anticipates issues & takes the initiative. Very dependable.	Exceptional leadership skills. Provides energy & zeal to a group. Able to build cohesive productive group. Exceptional selection, coaching & caring skills. Always recognizes & rewards individual performance.
<b>2 OUTSTANDING</b>	Clearly demonstrates proficiency & is recognized as very knowledgeable & skilled.	Performance frequently exceeds requirements for the job. Assignments completed on a timely basis. Work is efficient, accurate & thorough.	Often anticipates problems. Capable of dealing with complex issues. Solutions are thoughtful and effective.	Encourages teamwork in others. Often able to motivate a team to perform more effectively.	Requires only occasional supervision. Frequently takes initiative. Dependable.	Outstanding leadership skills. Able to energize & direct a group. Excellent selection, coaching & caring skills. Regularly recognizes & rewards individual performance.
<b>3 FULL STANDARD</b>	Generally proficient with good skills and/or knowledge. Meets the requirements of the job.	Performance often exceeds requirements for the job. Work is generally timely and of good quality.	Occasionally anticipates a problem. Generally responds well to simple issues. Solutions are workable.	Cooperative & supportive team member. Willingly contributes to the team's efforts.	Requires only routine supervision & follow-up. Occasionally takes initiative. Usually quite dependable.	Adequate leadership skills. Capable of directing a group. Average selection, coaching & caring skills. Occasionally recognizes & rewards individual performance.
<b>4 NEEDS IMPROVEMENT</b>	Displays limited proficiency, skill and/or knowledge. Clear need for improvement in order to achieve job requirements.	Performs minimum requirements for the job. Sometimes misses deadlines. Work quality is just adequate.	Often reacts to events. Has difficulty dealing with complex problems. Solutions are occasionally inadequate.	Will work as a team member & cooperate when asked. Could contribute more to the work group.	Often requires close supervision & follow-up. Rarely takes initiative. Frequently absent from work.	Weak leadership skills. Has difficulty directing & motivating a group.
<b>5 MARGINAL</b>	Consistently displays inadequate skills or knowledge. Substantial need for improvement.	Often fails to meet minimum requirements of the job. Misses deadlines. Work is of poor quality or inadequate.	Consistently reacts to events/issues. Does not think through a problem. Solutions are often superficial & insufficient.	Has difficulty working with other staff, prefers working alone. Not easy to collaborate within work group.	Requires constant substantial supervision and follow-up. Not dependable. Often absent from work.	Demonstrates limited leadership skills, if any. Incapable of directing & motivating a group.

## Performance Levels

Below are possible descriptions/grades that could be adopted for the five performance levels, the performance standards described in the chart which you just read.

## **BENEFITS OF PERFORMANCE APPRAISALS**

Feedback received from performance appraisals and the identified performance level could be used as a valuable tool for the future twelve months in the following areas:-

A) In identifying training needs and development of training plans based on improvement areas.

B) For inclusion in skills inventory based on identified strengths.

C) For use in career development plans, career pathing strategies, succession planning (refer article on Understanding Career Development in Business Today issue of October 1996)

D) For promotions and grade changes if you have evaluated job grades, and for development of a promotions policy (refer article on Evaluating Jobs in Business Today issue of August 1997)

E) For strategising of compensation plans with a view to rewarding and retaining your top 60 percenters (refer article on Compensation Planning in Business Today issue of September 1997).

F) For use in annual pay reviews, in order to weight your average pay increase % vs. performance levels.

G) For use in annual share of profit allocations, by weighting the payout % vs. performance levels.

Good luck with your performance appraisal process! This is an activity which supervisors who lack confidence in themselves, fear discussing with their employees. Remember the old days when a supervisor executed a performance appraisal by his/her self and very religiously filed it in the personal file as a top secret sacred document, without sharing the contents of the appraisal with the employee concerned?