

Performance appraisal - a guide

This factsheet gives introductory guidance. It:

- explains what appraisal is and its contribution to the performance management process
- looks at how to conduct an appraisal
- considers the skills appraisers and appraisees should develop for successful performance appraisal.

What is performance appraisal?

Performance appraisal is an important part of performance management. In itself it is not performance management, but it is one of the range of tools that can be used to manage performance. Because it is most usually carried out by line managers rather than HR professionals, it is important that they understand this and how performance appraisal contributes to performance management.

The performance appraisal or review is essentially an opportunity for the individual and those concerned with their performance - most usually their line manager - to get together to engage in a dialogue about the individual's performance, development and the support required from the manager. It should not be a top down process or an opportunity for one person to ask questions and the other to reply. It should be a free flowing conversation in which a range of views are exchanged.

Performance appraisals usually review past behaviour and so provide an opportunity to reflect on past performance. But to be successful they should also be used as a basis for making development and improvement plans and reaching agreement about what should be done in the future.

The performance appraisal is often the central pillar of performance management and the CIPD performance management survey¹ carried out in 2004 found that 65 per cent of organisations used individual annual appraisal, 27 per cent used twice-yearly appraisals and 10 percent used rolling appraisals.

However, it is a common mistake to assume that if organisations implement performance appraisals, they have performance management. This is not the case. Performance management is a holistic process bringing together many activities which collectively



contribute to the effective management of individuals and teams in order to achieve high levels of organisational performance. Performance management is strategic in that it is about broader issues and long term goals and integrated in that it links various aspects of the business, people management, individuals and teams.

Performance appraisal on the other hand is operational, short to medium term and concerned only with the individual and their performance and development. It is one of the tools of performance management and that data produced can feed into other elements of performance management but in itself can never be performance management.

How to conduct a performance appraisal

The five key elements of the performance appraisal are:

1. **Measurement** - assessing performance against agreed targets and objectives.
2. **Feedback** - providing information to the individual on their performance and progress.
3. **Positive reinforcement** - emphasising what has been done well and making only constructive criticism about what might be improved.
4. **Exchange of views** - a frank exchange of views about what has happened, how appraisees can improve their performance, the support they need from their managers to achieve this and their aspirations for their future career.
5. **Agreement** - jointly coming to an understanding by all parties about what needs to be done to improve performance generally and overcome any issues raised in the course of the discussion.

There is no one right way to conduct an appraisal. Some companies develop an appraisal form with space for appraisers to rate appraisees on aspects of their work such as their contribution to the team, role development, effectiveness, etc. The approach will depend on the nature of the business and the people involved. However as a minimum it is helpful to have a form to collect consistent information on the appraisal. This may be in the form of a free dialogue from appraisers with the opportunity for appraisees to reply and comment.



As a general rule it is helpful to have some information on the following:

1. **Objectives** - whether they were achieved and if not the reasons why.
2. **Competence** - whether individuals are performance below, within or above the requirements of the role.
3. **Training** - what training the individual has received in the review period and what training or development they would like to receive in the future.
4. **Actions** - a note of any actions that need to be carried out by the individual or the appraiser.

There is a view that the content of appraisal discussions should be confidential to the individual and the appraiser. But increasing pressure to provide information to assess the contribution of people to organisational value makes it desirable that performance data be recorded and stored in such a way that it can be used to feed into indicators of human capital value.

Increasingly organisations are putting more emphasis on the kind of behaviour they want their employees to exhibit. Behaviour, particularly management behaviour, has been identified as a significant source of value. They are therefore not solely concerned with the achievement of objectives but how these were achieved. Some organisations are identifying a set of positive management behaviours for example and then rating against them. Others are identifying the behaviours associated with excellent service and rating against these in the appraisal process. Again the design of the process will depend on what is important to the particular business and the achievement of their business objectives and will therefore be influenced by the wider performance management process. It is important that people don't achieve their objectives at the expense of their colleague's morale.



Preparing for the meeting

Both parties should prepare for the meeting beforehand if a successful outcome is to be delivered. The person conducting the meeting or the appraiser should:

- Consider how well the individual has performed since the last meeting.
- Consider to what extent any agreed development plans from the last meeting have been implemented.
- Think about the feedback to be given at the meeting and the evidence that will be used to support it.
- Review the factors that have affected performance both those within and outside the individual's control.
- Consider the points for discussion on the possible actions that can be taken by both parties to develop or improve performance.
- Consider possible directions the individual's career might take.
- Consider possible objectives for the next review period.

The individual or appraisee should consider the following points:

- What they have achieved during the review period, with examples and evidence.
- Any examples of objectives not achieved with explanations.
- What they most enjoy about the job and how they might want to develop the role.
- Any aspect of the work in which improvement is required and how this might be achieved.
- Their learning and development needs with arguments to support their case for specific training.
- What level of support and guidance they require from their manager.
- Their aspirations for the future both in the current role and in possible future roles.
- Objectives for the next review period.

Self-assessment

In some instances it may be helpful to guide appraisees through a self-assessment process encouraging them to assess and analyse their own performance as a basis for discussion and action. This can improve the quality of the appraisal discussion because individuals feel actively involved in the process and is encourages them to work through the



points above beforehand. This can be particularly useful with more junior staff or those not used to appraisals.

However, self assessment can only work if individuals have clear targets and standards against which to assess themselves. It can also only be effective in a climate of trust where individuals believe their appraisers will not take advantage of an open self-assessment.

What a good appraisal looks like

A good and constructive appraisal meeting is one in which:

- appraisees do most of the talking
- appraisers listen actively to what they say
- there is scope for reflection and analysis
- performance is analysed not personality
- the whole period is reviewed and not just recent or isolated events
- achievement is recognised and reinforced
- ends positively with agreed action plans.

A bad appraisal meeting:

- focuses on a catalogue of failures and omissions
- is controlled by the appraiser
- ends with disagreement between appraiser and appraisee.

Appraisal skills

All managers expected to carry out performance appraisal should have some training. Ideally this should not just be on the skills of performance appraisal - the 'how' to do it, but also on the reasons for performance appraisal the 'why' we do it. Managers should understand how it fits into the wider strategic process of performance management and how the information and data generated contributes to understanding of the capacity of the human capital of the organisation to contribution to business strategy and value.

A basic requirement is that appraisers have the skills to carry out an effective appraisal as described above. This means they ask the right questions, listen actively and provide feedback.



Asking the right questions

The two main issues are to ensure that appraisers ask open and probing questions.

Open questions are general rather than specific; they enable people to decide how they should be answered and encourage them to talk freely. Examples include:

- How do you feel things have been going?
- How do you see the job developing?
- How do you feel about that?
- Tell me, why do you think that happened?

Probing questions dig deeper for more specific information on what happened or why. They can support the individual's answer and encourage them to provide more information about their feelings and attitudes and they can also be used to reflect back to the individual and check information. Examples would be:

- That's very interesting. Tell me more about?
- To what extent do you think that ...?
- Have I got the right impression? Do you mean that?

Listening

Good listeners:

- Concentrate on the speakers and are aware of behaviour, body language and nuances that supplement what is being said.
- Respond quickly when necessary but don't interrupt.
- Ask relevant questions to clarify meaning.
- Comment on points to demonstrate understanding but keep them short and do not inhibit the flow of the speaker.

Giving feedback

Feedback should be based on facts not subjective opinion and should always be backed up with evidence and examples. The aim of feedback should be to promote the understanding of the individual so that they are aware of the impact of their actions and behaviour. It may require corrective action where the feedback indicates that something has gone wrong. However, wherever possible feedback should be used positively



to reinforce the good and identify opportunities for further positive action. Giving feedback is a skill and those with no training should be discouraged from giving feedback.

Feedback will work best when the following conditions are met:

- Feedback is built in with individuals being given access to readily available information on their performance and progress.
- Feedback is related to actual events, observed behaviours or actions.
- Feedback describes events without judging them.
- Feedback is accompanied by questions soliciting the individual's opinion why certain things happened.
- People are encouraged to come to their own conclusions about what happened and why.
- There is understanding about what things went wrong and an emphasis on putting them right rather than censuring past behaviour.



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