

WE KNOW

HUMAN RESOURCES

PERFORMANCE APPRAISALS

QUICK GUIDE

This Quick Guide has been provided to assist your organisation in the implementation of an effective performance appraisal scheme. There are many variations on this theme and what is provided here is not intended to be the last word on the subject but rather a more generic template which you, the member, may care to modify to optimise your own organisation's priorities and culture

WHY APPRAISE INDIVIDUALS?

The philosophy behind a performance appraisal system is to improve human resource management. This in turn improves the company's overall performance.

It is an opportunity to recognise individual performance and achievement. Individual's need positive feedback in order to feel that they are being recognised as contributing to a company's overall success. Appraisals are also an opportunity to improve performance by setting further goals and agreeing upon suitable actions to achieve them.

Traditionally appraisals are carried out annually or half yearly. More and more organisations now are moving more towards slightly more informal and more frequent performance discussions with team members. This has the benefit of keeping goals and performance in people's minds and grows a positive culture of open communication and recognition within an organisation.

THE STARTING POINT

In order to evaluate or assess an individual's performance it is vital that you have some criteria. This criterion specifies what objectives the employee is expected to achieve, at what standard and also within what timeframe. These criteria should be formed from the employee job description.

The appraiser and the employee will meet to discuss and agree upon a number of objectives and goals that the employee should be able to attain during the year. These objectives should be specific and as quantifiable as possible.

An informal discussion about an employee's performance should be held periodically throughout the year, at least every 6 months in order to establish progress against the agreed objectives, and when appropriate, to amend those objectives. A record of these discussions should be made.

A formal appraisal may then be held annually, usually at the company's year end. It is important that the results of any formal performance appraisal are never a shock to an employee. To attain this level of expectancy and forewarning, monitoring and feedback should be a continual process. The employee's manager / supervisor should regularly praise positive performance and raise awareness about areas that need further improvement – always discussing ways to facilitate that improvement.

This continual monitoring and open discussion will allow employees and their managers/supervisors to check progress towards agreed objectives and also to ensure that these objectives remain current. Where it is discovered that the employee's position has changed to render the objectives invalid, new objectives should be agreed upon and recorded

SETTING APPROPRIATE GOALS

The manager needs to discuss with the employee their current position description and appropriate objectives. These objectives should be strongly based on the job description which in turn needs to be clearly aligned with the organisational objectives and not just generic. If objectives are too vague or generic then it is unlikely that they will be achieved or that anyone can truly evidence that they have been achieved by the individual.

All objectives should adhere to the SMART principle:

- Specific - objectives should be clearly defined and result orientated
- Achievable - by the employee with their current skill level and resources available
- Measurable - both parties must be able to measure their success
- Relevant - to the position and the job description
- Time scaled - Both parties agree on exactly when objectives should be achieved

An example of a SMART objective:

"Contact a minimum of 30 potential clients each calendar month of the year to encourage use of our advertising space, with at least 5 new advertisements resulting per month"

"To review all stock requirements and ensure that appropriate levels are maintained to equal demand by the end of every month"

MONITORING & MEASURING PROGRESSION

Monitoring and measuring results should not be an onerous task. Instead it should be blended into the activities of everyday work. The onus for monitoring and measuring progress should not just be on the manager/supervisor but the employee should also have some responsibility for providing evidence

Monitoring can be achieved in a number of different ways.

- Observation
- Spot checks
- Questionnaire
- Co worker assessment
- Specific outputs / results
- Customer surveys

Measurement can also be achieved in a number of ways:

- Self assessment
- Informal comments and feedback
- Project evaluation
- Formal reporting
- Informal discussions

THE FORMAL APPRAISAL

As previously mentioned, frequent discussions about an individual's performance may have been happening throughout the year. An annual appraisal, conducted formally is usually held on or about the anniversary date of an employee's appointment or at a common time of the year for all employees, such as at the business year end.

During the scheduled meeting the employee and the manager should discuss their performance over the preceding period, including discussions with regards to the achievement of the agreed objectives. In some circumstances an employee may have failed to meet the expected standards through no fault of their own, but due to other factors. These mitigating factors should always be taken into account.

An appropriate format for this meeting is as follows:

- Discuss achievement of the agreed objectives
- Overall performance when compared to the position description
- Examples of where an employee has gone over and above the expected performance
- How an employee can continue to use their skills and knowledge
- Future resource or training needs

Following this meeting, discussions should be documented formally and a record kept on an employee's file.

APPRAISAL OUTCOMES

Many performance appraisal schemes will have a grading system built into them. This allows for an employer to allocate a 'score' to an employee. It also enables an employee to have something to aim for and to seek to achieve where required.

Here is one way of applying a grading.

Score performance between 1 and 5

- 1= Underperforming
- 2= Improvement required
- 3= Good Performance
- 4= Excellent Performance
- 5= Exceptional performance

Definitions would need to be developed in order to assist managers in applying these ratings, for example:

Underperforming - The employee is consistently failing to reach the required standard of work and plans are in place to support the employee to improve.

Improvement Required - The Employee has a few issues they need to improve upon, but generally the standard of work is acceptable. Plans are in place to support the employee to improve.

Good Performance - The employer is performing all of their tasks and duties to a good standard as per their job description.

Excellent Performance - The employee is performing all of their tasks and duties as per their job description, but has also demonstrated over and above on a number of occasions.

Outstanding Performance –The employee is performing all of their tasks and duties as per their job description and regularly exceeds expectations. They pass on their knowledge and skills to others and are seen as a role model to others in the organisation.

Finally, any outcome and supporting reasons need to be communicated in writing to the employee and recorded in the employee’s personal file.

For further information about Performance Appraisals or other aspects of Employment Relations/Human Resources, please contact the Chamber email info@cecc.org.nz or phone 03 366 5096.