

Guidelines on Conducting an Effective Performance Evaluation

Probably the most crucial part of the entire appraisal process is the manager's meeting with the employee in which the appraisal is discussed. If handled well, the discussion can lead to better understanding between the manager and the employee. An effective performance evaluation gives positive feedback about how well an employee is doing and identifies areas to enhance his or her performance. For the employee who has areas needing improvement, it provides the opportunity to thoroughly discuss those areas and help the employee to understand what is required of him or her to improve performance. If the meeting is not conducted properly, the employee may feel resentment rather than a desire to improve.

Preparation

- Remember that a performance appraisal must measure the progress of your employee against predetermined goals and standards.
- Be sure to tie the appraisal to the employee's job. Focus on the critical skills and essential job functions spelled out in the job description.
- Be objective and consider performance for the entire evaluation period. The more objective and quantifiable the appraisal is the less likely there will be disagreements about the employee's level of performance. Do not let fear of confrontation color your rating. It is your responsibility to the employee and the company to be honest and not inflate ratings.
- Determine beforehand what you are going to say in the meeting.
- Decide on your major goals for the meeting.
- Determine what is the most important matter to be considered and steer the discussion to revolve around that point.
- Request employee to complete performance appraisal form to self-evaluate his or her performance and major job accomplishments since last review. Weigh the employee's self-reports against other evidence.

Timing

- Give the employee advance notice of the time of the meeting.
- Schedule enough time for a meaningful exchange to take place.

Location

- Arrange for a quiet location to conduct the performance appraisal.
- Be sure that you have privacy and try to avoid interruptions (e.g., no phone calls)

Conduct of the Meeting

- Begin with a few minutes of casual conversation to help relax the employee and establish rapport with him or her.
- Proceed to discuss all aspects of the job; go over each area of accountability separately. Although you must point out both strengths and weaknesses, it will be more effective to discuss positive aspects of the employee's performance first.
- Have specific examples to support what you are going to say.
- Try to avoid appraisals that are completely negative.
- Focus on performance and the essential job functions rather than personality.
- Be constructive rather than overly critical or negative. If there are weaknesses, point them out, but emphasize what can be done to rectify the situation.
- Be willing to review alternative plans to achieving results and performance objectives.
- Discuss advancement possibilities, if any, and what the employee can do to move upward. Be careful, however, not to make promises that cannot or may not be kept.
- Welcome any comments, questions or complaints that the employee may have.

Summary

- Briefly review the important points of the appraisal.
- Carefully restate the details of any proposed courses of action that you have recommended.
- Be sure that the employee has had sufficient opportunity to say everything that he or she intended.
- At the end of the interview, allow the employee to read the written appraisal and fill out the employee comments section or provide a separate written response.
- Have the employee sign the performance evaluation form to verify that he or she has read it.

Follow-up

- Periodically check the employee's activities to determine whether or not goals discussed at the interview are being attained.
- Offer the employee assistance in achieving these objectives.

Checklist for Appraising an Employee

The checklist below can help managers to focus on the appropriate factors in preparing his/her evaluation of an employee:

- Base the appraisal on the typical performance of the employee during the entire period. Be careful not to overemphasize recent happenings or isolated dramatic incidents that are not typical of the employee's normal performance.
- Base appraisals on accurate data obtained from records whenever possible or from careful, personal observations when this is not possible. Compare the performance of the employee being appraised with the performance of all individuals who have performed the same job, keeping in mind the requirements and the essential functions of the job.
- Do not let your appraisal on one factor influence your appraisal on other factors. Many people have a tendency to give an employee who rates very high on one factor a higher rating on other factors than may be merited. In like manner, when an employee is weak in one respect, the person doing the appraising sometimes assumes the employee is weak in other respects, which may not be the case. Bear in mind that each factor should be considered independently of the others.
- Do not permit job classification or length of service affect the rating. Consider only the performance of the employee in relationship to the specific requirements of the job. Do not rate an employee too highly just because the employee has a number of years of service, but really performs at an average rate.
- Do not let your personal feelings bias your appraisal, nor should you rate "sympathetically." The appraiser must be constantly on guard against the normal inclination to attribute greater proficiency to employees well-liked personally or to employees because of sympathy. If there are special circumstances, appraise only on performance and explain the circumstances in the space provided under each factor.
- Do not be swayed by a previous appraisal. Each appraisal should be completed without referral to past appraisals. Substantial differences do not necessarily mean that the present or the previous appraisal is incorrect.
- Guard against letting your appraisal of factors fall into a consistent or routine pattern. There are usually wide differences in individuals with respect to the various factors considered.
- Do not make an appraisal on vague impressions. To rate accurately, you must have a very good knowledge of the employee's performance. Give specific examples of strengths and weaknesses for each performance area being evaluated. Always stick to facts and refer to records, where available.
- Do not appraise too quickly. Take enough time to appraise accurately.
- Do not hesitate to go on record with your true opinion. A good appraiser should be able to differentiate among the performances of his or her employees.

Factors That Distort Performance Evaluation

The list below can be used to help managers avoid the most common sources of rating errors in the appraisal process:

- Bias: There is a natural tendency for managers to give favorable ratings to someone like themselves.
- Rating personality rather than performance: Managers may respond quickly and strongly to personality traits, such as charm or aggressiveness, which may bias them when it comes time to assess accomplishments. The appraisal should focus only on actions and accomplishments.
- Employee's personal background: Managers may rely on assumptions that employees with more experience are performing better and may fail to test these assumptions rigorously through observation. Ratings that take background into account tend to be inaccurate and illegal.
- "Halo/Horn effect.": A halo effect occurs when a manager gives an excellent employee top ratings in all areas. A horn effect occurs when a manager gives an unsatisfactory employee low ratings in all areas. These effects result when managers let one strong value judgment in one area color their judgment of other areas. Poor employees usually have some strengths and high achievers some weaknesses.
- Lack of clear standards: Clear, measurable standards are invaluable for producing accurate appraisals. Managers usually benefit from spelling out what behavior would merit each of the ratings before assessing individual employees.
- Unrealistic objectives: Appraisals will not correct poor placement, inadequate training, low production, excessive cost or waste, or dozens of other ills that may plague an organization. Rating scores, in fact, may reveal shortcomings of company management rather than employee inadequacies. Appraisals will not cure a morale problem. A poorly designed or administered performance appraisal system will almost certainly create dissension and intensify any dissatisfaction that already exists.
- Leniency: Managers may be afraid to hurt employees' feelings or to hurt employees financially. Sometimes a manager may be unwilling to give a low rating to an employee who is likely to bring a grievance or lawsuit, even when the employee's performance is hurting coworkers' morale.
- Blaming employees for problems that are not their fault: If a majority of employees are rated low in a particular area such as "not following procedures," the fault probably lies with supervision. Employees should not be penalized for matters that are not their responsibility. Nor should they be downgraded for failure to live up to job requirements about which they were never informed. These difficulties arise when performance standards are established without reference to actual job conditions or requirements.
- Severity: Some managers have unrealistic expectations about employee performance. Others are simply reluctant to offer praise.

- Limited use of the rating scale: Managers may avoid giving very high or very low ratings, since these require greater justification and require the manager to take greater responsibility for the decisions.
- Inadequate observation: Managers who are not familiar with all aspects of an employee's performance may feel compelled to fill in a standardized form completely. Managers who do not work closely with subordinates may be unable or unwilling to arrange for a sufficient number of observations. In addition, managers may become set in their opinions and disregard observed behavior that differs from their conclusions.
- Discrepancies in scoring, weighting, or defining factors: Rating or scoring problems may be built into a particular rating form or system, or they may result from different interpretations or applications by various managers. These problems can be identified and checked if an administrative staff person regularly reviews ratings and is alert to possible distortion. To avoid such problems, evaluation forms may need to be revised, or managers may need further training.
- Inappropriate time span: Performance appraisals should cover the whole of an employee's behavior and the extent of the employee's progress during the time period from one appraisal date to the next. Assessments of employee potential should be offered separately from appraisals of employee behavior. Managers who look back to incidents that occurred before the last appraisal are being unfair to employees.
- "Contrast effect": The exceptionally good or bad performance of one or two employees may greatly distort the ratings that the others receive. While contrasting the relative contributions of a group of employees can contribute to the appraisal process and is especially relevant when a fixed amount of rewards must be distributed within a group, morale may fall if the rating of one employee shifts the rating scale for the others.
- Overemphasis on uncharacteristic performance: Unusual behavior is more memorable than typical behavior. Managers observing behavior that seems uncharacteristic should make an effort to find out whether it is part of a pattern. Ratings should focus on typical behavior patterns.

Establishing Performance Expectations

A critical aspect of a manager's responsibility is defining and conveying performance expectations to an employee. Without a clear understanding of expectations, it is difficult for employees to effectively perform their responsibilities and to meet established goals and objectives.

- Explain how the employee's job fits into the overall business goals and objectives.
- Help the employee to get back "on track", and identify deficiencies where immediate and sustained improvement is necessary. Specifically describe the behavior and performance results you desire.
- Establish measurable performance standards.

- Discuss necessary skills, guidelines, procedures and resources that will improve performance and accomplish expected results.
- Counsel an employee with difficult performance problems. Document or memorialize your discussions with employee on what he or she needs to do to correct his or her deficiencies.
- Determine priorities.
- Review and check for understanding and commitment.
- Set a date for an early progress review.

Managing an Employee's Performance

Unfortunately, many managers and employees think of performance evaluation as a stressful exercise that happens once a year. But if expectations are clearly communicated and feedback is given throughout the year, the annual performance evaluations should become less stressful and will not come as a surprise. The following steps will help a manager to more effectively implement the company's performance appraisal policies:

1. Decide on clear, objective expectations for the job.

Setting expectations for a job affects every decision the manager makes about an employee's career, from work assignments and recommendations for training opportunities to raises, promotions, transfers, and termination of employment. It also shows the employee what behaviors or outcomes the company values, thus affecting employees' decisions on where to expend their greatest efforts.

The place to start when setting out objectives is the employee's job description, which will give the manager and his or her employees a general idea of what the company expects from people in any given position. Job descriptions should indicate what functions are "essential" and which are "marginal," based on the meaning given to those terms under the Americans with Disabilities Act and other disability discrimination laws. (Managers should contact Human Resources if they think the job description does not accurately portray the job.) Once a manager has examined the job description, he or she can start to break down the principal duties and accountabilities it lists into more concrete objectives and performance standards.

To make sure that everyone concerned can tell whether expectations have been met, performance standards should:

- Be precise yet brief;
- Be in writing;
- Be realistic;
- Help meet company objectives;
- Be mutually agreed on; and
- Be reevaluated regularly.

2. Communicate expectations to the employees involved.

Making expectations clear to employees is part of helping them do their jobs. Employees who know how their performance will be measured are much more likely to succeed in their jobs or to accept criticism if they fail. Making sure that everyone knows the expectations for their jobs is one way to show everyone that the manager is treating all employees equally and not making up reasons to discipline employees the manager does not like. Whenever a manager imposes discipline without first making expectations clear, there is a good chance an employee will attribute the manager's action to some illegal or improper motivation such as disparate treatment or discrimination.

3. Give constant feedback on whether employees are meeting the expectations.

Nothing said in an employee's annual review should be a surprise to the employee. Feedback - both positive and negative - should be ongoing throughout the year. This approach helps employees focus their efforts on tasks and behaviors that the manager finds to be worthwhile for the company and improve in other areas.

4. Stick to a fair procedure for providing constructive criticism or taking corrective action.

A manager should act promptly on unacceptable behavior or poor performance, but avoid making hasty decisions. A manager should investigate and gather all relevant facts before taking any disciplinary or corrective action. Normally, corrective discipline will be used. This means that for most performance problems, the manager should first coach or counsel the employee verbally, but ultimately should make written documentation of any shortcomings. When a performance problem exists, written warnings, memos, and performance improvement plans carry more weight with an employee than do oral reprimands and threats. Suspensions and terminations should be undertaken only after the manager has consulted Human Resources. Applying the company's policies and work rules consistently and documenting that effort are crucial managerial functions.

5. Document employees' performance throughout the year.

Many a lawsuit has been lost because the only written records of an employee's performance show that the employee was performing satisfactorily or even wonderfully. But, the need for documentation begins long before any lawsuit is filed. Annual performance reviews are especially hard to undertake if a manager has not maintained regular records on an employee's performance.

Spoken compliments or suggestions for improvements may come naturally to a manager and many times is the most appropriate way to work with an individual. But, when it comes time to review an employee's performance on paper, does the manager have any record of specific examples, both strengths and weaknesses, of the employee's performance during the period of review? How many times has the manager pointed out a particular type of shortfall? When has the manager offered advice or constructive criticism to improve performance? Creating some written documentation along the way helps to

make sure that the manager's appraisal of the employee's performance is based on incidents that happened throughout the year and not just on the most recent or memorable events of the year.

Written documentation can also decrease the chances that a manager's communications will be misunderstood. It is hard for an employee to claim that a manager never told him or her that certain behaviors mattered if there is a memo in the file explaining why the behavior is important.

6. Worksheet for the Employee

In order for the Performance Evaluation to be most productive, the employee also should prepare for the discussion with his or her manager. The employee should go through the same process as the manager by evaluating his/her accomplishments and performance over the review period. To aid the employee in his/her preparation, a worksheet below has been developed. The manager should give this worksheet to the employee at the same time he/she begins to complete the Performance Evaluation form.

The following questions are intended to help you prepare for your performance review meeting with your manager. Be as specific as possible. Use more paper if necessary.

- What do you consider to be your major job accomplishments since your last review?
- Were there circumstances that prevented you from accomplishing everything you intended? If so, what were they?
- How well do you know what you need to know in order to do your work? What additional information or training, if any, do you need?
- Are there any changes that could be made to improve your effectiveness?
- What skills or new knowledge would you like to develop to improve your performance?
- What can you, your manager or the company do to improve your performance and increase your job satisfaction?
- What are your long-range career goals and what are your plans to accomplish these goals (e.g., additional responsibilities, different job, promotions, education, or training)?
- What objectives do you want to work toward between now and the next performance evaluation?
- How will progress toward these objectives be measured? How will you know when the objectives have been achieved?