

CONDUCTING A PERFORMANCE APPRAISAL.

Checklist 036

» INTRODUCTION

An effective performance appraisal offers managers the opportunity to gain a deeper understanding of those who report to them and how they work - their achievements, their potential and their development needs. It can also help to motivate and engage employees, improve their performance in their work role, facilitate their personal development and enhance their contribution to organisational objectives. For employees, the performance appraisal should deepen their understanding of their work and what is expected of them, in relation to individual and organisational targets, provide recognition of their achievements, identify areas of weakness or poor performance and give them an opportunity to discuss any problems or development needs they have. It also encourages employees to take ownership of, and responsibility for, their performance and personal development.

Performance appraisal meetings should not be seen as one-off events – they formalise ongoing performance discussions between employees and their line managers and support the process of performance management in the workplace. In the past it was common practice for performance appraisals to take place annually, but six monthly meetings are now much more the norm, often alternating with development-focused reviews, and supported with additional, regular one-to-one meetings to discuss current activities and progress towards objectives. In many organisations performance appraisals now form part of a performance management scheme covering performance across the organisation; some, however see performance appraisals and performance management schemes as overly bureaucratic, time consuming and costly.

This checklist aims to help managers to prepare for and carry out performance appraisals in a positive and professional manner and to gain the maximum benefit from the process.

» DEFINITION

A performance appraisal is a face-to-face discussion between an employee and another member of staff (usually the employee's line manager) within which the employee's performance at work is discussed, reviewed and assessed, using an agreed and understood framework. A performance interview should include feedback on past performance, assessment of achievements against objectives, discussion of workloads and priorities, setting of individual and team targets and objectives and personal development needs and plans.

1. Prepare for the meeting

The most difficult part of appraising performance is the preparation, prior to the meeting. If your organisation has an established scheme, this will provide a framework for the interview. If not, the following outline structure gives a starting-point.

- Objectives for the period under review and the level of achievement and progress towards them
- Continuing or unresolved problems during this period
- Evaluation of any development activity during this period
- Objectives for next review period
- Support required in order to achieve these objectives
- Personal development objectives - these may vary from the above, or provide a means to their attainment
- Any issues of major importance or concern relating to the forthcoming review period.

Gather your thoughts, information and evidence and fit these into the framework. This will help to steer the discussion. The use of 360 degree feedback can help to minimise bias and provide a more balanced and nuanced view of performance.

2. Make arrangements for the appraisal discussion

Before the interview make sure that the appraisee understands the purpose and aims of the appraisal.

- Advise the appraisee how to prepare, e.g., by identifying strengths, achievements, weaknesses or failures, over the past year
- Ask the appraisee to prepare an assessment of how well the last set of objectives were achieved, and consider what the next year's objectives should be
- Ask the appraisee to reflect on the value and practical application of any training or development activities undertaken during the past year
- Explain that this is an opportunity to discuss problems, and agree work directions and methods for the coming period
- If the appraisal is linked to pay or promotion, explain how this works
- Introduce any necessary documentation and forms that will be used
- Agree the time and place for the discussion.

3. Prepare the meeting place

The environment for the discussion should be informal, friendly, comfortable, and completely private and confidential. Avoid sitting the appraisee in front of your desk, as this could form a barrier hindering the free flow of conversation. Instead, arrange your chairs so that you can communicate easily. Make sure that you will not be interrupted and divert or switch off your telephone.

4. Use a consultative approach

It is important to be conversational but focused, discussing specific activities and issues. Ask open questions and listen attentively to what is said. Reflect back what you hear and respond appropriately. Be positive and keep the focus on improvements for the future. Coaching skills will be helpful here. (See Related checklists below).

5. Start the discussion

At the start of the discussion, it is important to help the appraisee to relax. There is no set formula for this, but it is always important to show respect and tact. Gauge the extent to which formality or informal banter or conversation will be appropriate, depending on how well you know and work with the appraisee.

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- Re-state the meeting's purpose and structure
- Emphasise the aim of supporting the appraisee's development
- Re-state the reasons for using documentation - it keeps a record of the meeting and what is agreed, ensures consistency across the team or organisation and provides a baseline for measuring progress).

6 Develop the discussion

In theory, and with good preparation by both parties, discussion should follow the framework outlined. To keep it on track, the appraiser should:

- encourage - but not lead - self-assessment and diagnosis
- maintain and build the appraisee's self-esteem, where appropriate
- offer help and suggestions, but allow the appraisee to find their own solutions
- concentrate on job performance rather than discuss personalities
- discuss specific examples of behaviour or performance rather than vague comments or criticisms
- summarise the discussions at critical or agreed action points
- give guidance and reach agreement on goals and plans.

7. Deal with difficulties and focus on improvements

If ongoing conversations and discussions have been taking place, there should be no surprises at this stage. If, however, there is a need to address poor performance, focus on the need for improvement and discuss with the appraisee how and when improvements might be made, and what support might be needed to help achieve them. If appropriate, be prepared to admit that you - as appraiser - might be a cause of problems yourself, or could do more to help the appraisee. If there is disagreement stay calm but be firm. Try to focus on the available evidence and be prepared to consider carefully any counter-evidence presented by the appraisee. Avoid arguing and listen attentively, taking care to separate facts from feelings. Remember the focus should stay on the job-holder's actions and behaviour, not on the job-holder as a person.

8 Agree areas for improvement

Try to distinguish areas that need remedial attention from those that are developmental. Agree preferred training outcomes and development activities, and encourage the appraisee to identify ways to achieve these. If encouragement is not successful, then try steering and guidance, using instruction only as a last resort. Remember there are many different types of training and development activities which can help employees to achieve the agreed objectives.

9 Rate the performance

Some appraisal schemes use performance ratings. These can vary in nature and scope and can be useful or destructive, depending on how well the system is understood and how effectively the rating is carried out. Ratings can be detrimental if they are not:

- fair - reflecting performance against expectations, not comparisons with other employees
- honest - respecting what the individual has to say
- flexible - reflecting the level and extent of individuals' achievements
- consistent - across different sectors of the organisation
- separated from discussions about rewards.

If ratings are perceived to be unfair, the credibility of the system will be undermined and future reviews compromised.

10. Close the discussion

Ensure you have reached and agreed a mutual understanding of the appraisee's objectives, how they will be achieved and the target or review dates. Agree who is doing what and set a date for follow-up. Ensure that you or the employee writes up the plans and objectives, preferably on a form used across the

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organisation. Agree a deadline by which this will be completed so that it can be reviewed and signed off promptly. End the discussion on a positive note.

» POTENTIAL PITFALLS

Managers should avoid:

- › criticizing the appraisee's personality or allowing personality clashes to affect the appraisal
- › falling into the pitfall of recency, where performance over the whole period is assessed on the basis of one recent incident
- › allowing personal prejudice to label the appraisee as good or bad (halo or horns effect)
- › using closed, rhetorical questions
- › talking rather than listening (A recommended ratio would be 70% listening to 30% talking)
- › letting the conversation become one-sided
- › allowing fear to lead to a good review rather than an accurate one
- › ignoring job-holders' views and thoughts
- › planning action without first reaching agreement on what is needed.

» ADDITIONAL RESOURCES

BOOKS

Thanks for the feedback: the science and art of receiving feedback well, Douglas Stone and Sheila Heen

London: Portfolio Penguin, 2014

The end of the performance review: a new approach to appraising employee performance, Tim Baker

Basingstoke: Palgrave Macmillan, 2013

Performance management, 2nd ed, Robert Bacal
McGrawHill, 2011

This book is available as an [e-book](#).

Appraisal feedback and development: making performance review work, 4th ed, Clive Fletcher
Abingdon: Routledge, 2008

Ready to use performance appraisals: downloadable customizable tools for better faster reviews, William S Swan

Hoboken NJ: John Wiley, 2007

These books are available for loan to members from the CMI Library. [Click here](#) for more information.

JOURNAL ARTICLES

Total contribution planning, Tom Kenny
Training Journal, March 2014, pp 37-42

Re-appraising appraisals, Tim Baker
Training Journal, July 2013, pp 12-16

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An integrated fuzzy multi-attribute decision-making model for employees' performance appraisal,
T.R. Manoharan, C. Muralidharan, Deshmukh, S.G.
International Journal of Human Resource Management, January 2011, vol 22 no 3, pp 722-745

INTERNET RESOURCES

Businessballs.com: www.businessballs.com/performanceappraisals.htm

Information on performance appraisals and performance evaluation, including free forms, tips, etc.

Freemanagementlibrary.org <http://managementhelp.org/employeeperformance/performance-appraisals.htm>

How to Conduct Employee Performance Appraisals (Performance Reviews)

CMI members can access step by step guides and templates for performance appraisal and performance management from the **BusinessHR** service at www.managers.org.uk/businesshr. Look in the Training and Development section.

RELATED CHECKLISTS

- 074** Using 360 degree feedback
- 180** Performance management
- 222** Giving feedback as a coach

» NATIONAL OCCUPATIONAL STANDARDS FOR MANAGEMENT & LEADERSHIP

This checklist has relevance for the following standards:

- › Unit DB4 Manage people's performance at work
- › Unit DC5 Help individuals address problems affecting their performance
- › Unit DC2 Support individuals' learning and development

» MORE INFORMATION

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