

APPRAISING THE APPRAISAL

Is There A Better Way To Assess Work Performance?

Of all the issues surrounding Human Resources, performance management is the one that arouses the hottest debate. No matter what system an organisation may implement, it will still take strong leadership from managers to make it successful.

By Tricia Reardon

Ask those in the workplace whose performances are about to be appraised how they are feeling, and in most cases you will see either nervousness or indignation flicker across their faces. They will tell you that a lot can rest on the outcome of the appraisal - a salary increase, promotion, good or bad feedback. No wonder nerves jangle! Then ask those managers doing the assessments how they feel. For the majority, appraisals are one of the most difficult, yet fundamental of all management responsibilities. Lack of time, increased paperwork, the ability to tell someone their performance is not good enough and possible conflict can all add to a stressful process. How then should performance be assessed to ensure all those involved derive benefit? Does it really need to be by way of a formal cyclical appraisal?

Ongoing commitment

There is no doubt that good performance management is vital to an organisation's ability to achieve its objectives. Equally important is the need for an effective performance management system to ensure employees' efforts are aligned with those objectives. While there are a number of methods and systems to manage staff performance, many are cumbersome and highly engineered particularly for those organisations without a dedicated Human Resource function. Some methods, such as the Balanced Scorecard may suit some organisations, but for others are too complex, as they require considerable resources to administer and train staff on their use.

Whatever the performance management method used, to be successful, there needs to be an ongoing commitment from management to the process. Most employees 'look up' for guidance, so if management is not embracing or practising performance management, then there is little chance that others will be committed to, or take it seriously. Performance Management has to start at the top with the CEO or Managing Director. The system should be well-planned, consistent, fair and objective. It is also critical that everyone within an organisation is trained in the difference between appraisal and performance management; how performance management benefits individuals and the overall company; how it works and the contribution each person has to the overall process.

Unfortunately, for those wishing to implement an effective performance management system or seeking a panacea for an ailing system, there are no quick solutions. A formal performance management system requires considerable organisational analysis, planning and implementation, and a long-term view.

Given the enormous number of articles published and books written on the subject, there seems to be no easy answer to the manner in which performance management is undertaken. One thing all seem to agree on however is that to get the best from people, their performance does need to be managed.

Most traditional performance management systems are tied to individual objectives that are in line with the overall corporate goals. They operate on the assumption that if each individual achieves his or her objectives, then the company will succeed in achieving its overall objectives. While this may seem logical, on closer examination, a number of concerns arise. Take Sue for example (not her real name). She works as a Training Manager for a very large high profile corporation. Each year, Sue and her Manager meet to review her performance and then to discuss and agree on her objectives for the following year. "My objectives are set around the needs of the business and are also in line with my job description," explains Sue. "The difficulty is that our business is changing at such a fast pace; what was a critical focus four months ago, may not be critical now or by the end of the review period. I will be pulled off a project before I have completed it and have to start on a new one. Also, there are many subjective aspects to my role, which are difficult to measure. For example, I am responsible for counselling staff on a range of work related issues, some of which are given in confidence. I may spend quite a lot of time on these issues, but it would be difficult to put a quantitative measure around them, let alone discuss them with anyone else given the nature of what is disclosed to me."

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Salary reviews tied to performance reviews

Sue also says that her salary review is tied into her performance reviews. “Sometimes it can be difficult to show results when the focus of my role has changed suddenly, or I have been involved in counselling issues.”

Because her salary is tied into her performance assessment, Sue believes that her last annual review was quite de-motivating despite receiving a high performance rating. “Last year, I was given an excellent review, but was not rewarded with a salary increase, as the overall company had not performed well. What annoyed me though was that I could not even get the normal CPI increase, yet the company’s poor profit result did not stop another department spending \$3,000 on a Christmas staff lunch for four people! Privately, I also felt cheated as I was inwardly questioning my manager’s review rating. He was so new and had not really witnessed my performance. I certainly didn’t feel he was in a position to judge it.”

Sue’s example highlights the difficulties surrounding the review process, particularly an annual review process that does not take into account the pace of change within the work environment and accountabilities that are difficult to measure. It also raises the point of whether performance reviews and salary reviews should be tied into the same review process. However, it is fundamental that employees are paid to meet expectations, and if they exceed those expectations, they should also be rewarded.

One important aspect of performance reviews is the ability of the manager to undertake the assessment. Many organisations have cyclical reviews, either quarterly, half yearly or annually. The trouble with these is that the success of the appraisal system depends largely on the manager having kept records of each staff member’s performance, as well as how that manager is viewed and trusted by the staff. The review meeting is meant to be an open and honest exchange between manager and employee, but ultimately, what person would ever disclose weaknesses to a manager in whom there may not be complete trust?

Performance management is a two-way process

While many employees regard the appraisal process as one-sided, it is really a two-way process. After all, the review is about the employee and what is required to develop that person to perform beyond his or her expectations. Therefore, employees must also take responsibility for their career development and performance management by keeping records of their achievements as well as meetings or discussions with their managers regarding their performance.

Most companies today have very lean management structures. This has resulted in considerable strain being placed on managers’ time. Keeping up-to-date records of employees’ good and bad performance or behaviour is an added burden. If records are not kept, by the time the review comes around, the manager will be relying on memory... usually of events in the immediate preceding weeks, or events that ‘stick out’ - good or bad. Conducting a performance review under these circumstances is not ideal. Worse still, is the fact that managers simply don’t have the time to adequately prepare for reviews, let alone conduct them. A good review will take anywhere from one to two hours per person. If there is a large team involved, this equates to a considerable amount of time away from normal day-to-day duties.

The appraisal process also relies on the manager’s skill in providing positive and negative feedback, counselling and objective setting. Few have been given the training to support this task, leaving the majority to rely on inherent abilities. Then there is the ‘human’ factor - how does one remain objective when dealing with subjective areas? Or, how does one put personal biases aside about a disliked or highly liked employee? This can prove difficult for some managers, especially if no training has been provided in identifying these pitfalls and knowing how to overcome them. It is important to remember that the result of each performance appraisal will impact heavily on the person whose performance is being assessed; they will walk away from the meeting feeling either highly motivated, or, as in the case of Sue, highly demotivated.

Cyclical appraisal does not constitute performance management

While there is much debate within the Human Resource profession as to whether the appraisal system really works, conducted effectively and as part of an ongoing feedback system, the appraisal process can motivate and enhance staff performance as well as form the basis of staff training and development. Conversely, conducted ineffectively, the performance appraisal can be damaging to staff morale and consequently, staff performance.

“flow with
positive
approach”



The cyclical appraisal process on its own, however, does not constitute a performance management system. It is important therefore that the difference between performance management and the performance appraisal is understood.

There might be compelling reasons to abandon the cyclical performance appraisal, but overall performance management is still a critical aspect of business management. The dilemma is how to effect good performance management without overburdening the already heavy workloads of today's business managers. Perhaps the answer lies in the basic practices of good business management:

- Defining the corporate vision;
- Sound analysis of each job function tied back to the vision;
- Development of accurate job descriptions;
- Clear definition of Key Performance Indicators and competencies required for each position;
- Remuneration in line with the market; recruitment of the right staff;
- The sound induction and orientation of staff into the company;
- Daily communication and feedback from management;
- Strong training and development programs;
- And most importantly, strength of leadership.

Good leadership is the important key

Human Resources specialist, Bill Richards, believes that good leadership is the important key to successful performance management. He has had significant experience in implementing performance management systems. As the previous HR Director of Kellogg and the Asia Pacific representative on the global HR Steering Committee, he helped to design and implement the company's global People Development Strategy. "I believe that good leaders do five important things to manage performance," says Bill. "The first is that they give employees the accountabilities and authority. Secondly, they ensure their employees have the necessary knowledge, skills and attributes to meet the accountabilities. Thirdly, they provide a communication/feedback mechanism to let their people know how they are going. Fourthly, good leaders get out of the way and let their people get on with the job! Finally, great leaders recognise and reward good work."



Performance management is about development

Bill goes on to say that leaders *manage* performance and part of that management process is to review performance. "I have always believed and taught that performance management is about development. It is a tool to develop individuals to be able to perform to much higher levels than they thought they could - it's all about leadership." That leadership, however, is daily, even hourly, but certainly not just quarterly, or annually. Managing performance requires providing feedback immediately certain behaviours are observed. As taught in Blanchard & Johnson's *The One Minute Manager*, if a job is well done, then acknowledgement should be given straight away. If someone does something wrong, then that person needs to know immediately.

In his book *Performance Management - Why Doesn't It Work*, Robert Bacal, one of the world's leading authorities on performance management, concludes:

An excellent manager can use a performance management system as a tool. No performance management system will make a poor manager a good one.

It would seem that performance management and the systems that surround it will continue to be debated and theorised about amongst Human Resource professionals and management alike. However, one conclusion that can be drawn is that the formal cyclical review process itself is not performance management. Rather, performance management is a total process in which people are enabled and empowered to perform to their highest levels. This requires creating a total work environment aimed at enhancing work performance, development, and growth. Strong leadership where managers help to create this environment and take ownership of the performance management system is what is required to bring the best out in people.

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