

The problem with performance appraisals

Are staff performance appraisals a bane or a boon?

Dread and foreboding is the typical feeling anyone has whenever annual performance appraisals come around every year. Several things depend on a favourable assessment - promotions, pay increments and even retention. And much as it is difficult to give tough feedback about the year's work, it is even less enjoyable receiving it. In a worse case scenario, a bad performance appraisal can create unnecessary friction and conflict between manager and staff, inducing a negative working environment which would have very adverse effects on staff engagement and productivity.

So, if performance appraisals are so hard to sit through, why are we still doing it?

The case for performance appraisals

Performance appraisals are a crucial opportunity that offers employees access to their managers to discuss and review performance, previously set goals and discover new targets. Manager and employee can converse and agree upon individual training and development needs. Appraisal data that has been collected can also benefit the organisation by using it to track the effectiveness of changes in recruitment strategies.

Undeniably, the way appraisals are conducted have changed over the years. From rigid, one-way evaluation systems of yesteryears, today's performance appraisals involve more participation from staff and even internal and external stakeholders. And over the years, 360-degree feedback has gained popularity as managers seek feedback about a staff's performance from co-workers, other supervisors, internal and external vendors and direct reports. Ranking systems help to motivate and spur employees on to perform better.

Performance appraisals give plenty of room for managers to recognise staff for their work efforts while providing feedback, thus encouraging employee motivation and satisfaction. The existence of a performance appraisal programme demonstrates to employees that the organisation is involved in their personal and professional growth.

The problem with performance appraisals

Let's face it: performance appraisals are often retrospective.

A typical traditional appraisal usually occurs once or twice a year. There would be extended time gaps of months between establishing goals and reviewing them, and objectives that were set upon in the beginning of the year are usually only dragged out during appraisal time.

While performance appraisals provide the perfect opportunity for managers and staff to have a one-on-one discussion, it is unfortunately open to biased ratings. For example, some managers tend to be liberal or strict in their rating of staff. Managers may also fall into the trap of the "recent performance effect" where they generally only recall the recent actions of employees at the time of the appraisal and award points based on recent favourable or unfavourable events rather than whole year's worth of activities.

What organisations do not realise is that skills gaps need to be addressed quickly as it would impact the bottom line - any performance issues that are halted for months to be addressed would become non-issues. And because performance feedbacks only occur once or twice a year, there are hardly any other opportunity utilised to inform an employee what kind of skills he/she needs to develop. There is also a tendency to focus on the weaknesses instead of strengths, which creates conflicts between manager and staff as well as a negative work environment.

What managers should aim for is performance previews - they can happen as often as necessary for managers and staff to discuss work issues. There should also be a need to review results whenever possible without any dependency on HR directives. However, open communication between managers and staff is crucial for such sessions to be successful. Feedback should be immediate as possible. There should be a focus on actual real-time tasks and staff should be allowed to correct their behaviour.

Solving the problem

Rather than taking a cookie-cutter approach, a successful performance appraisal system must fit the organisation. Organisations need to assess the suitability of performance appraisal systems to their own workforce before implementing one that meets their needs.

The primary purpose of an appraisal system is to sieve out those who cannot or would not do the job. It has to be communicated to all involved parties and appropriate support and training should be provided especially to managers conducting such sessions with their staff. Employers should also take note that performance evaluation is a continuous process and not one that happens only once a year. The best appraisals are a two-way discussion and focus on the employee assessing his own performance and setting goals for improvement.

And as best practice, organisations should ensure key performance indicators (KPIs) are well communicated to and clarified with staff, and there are proper benchmarks in place against which staff are assessed. Data collected from appraisals should be used to track the success of recruitment and induction practices.