

Performance appraisal: Everything you need to know

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Whether it was a school project, group assignment, or corporate team project, we have all been in situations where we have worked on a critical task with team members that do not pull their weight. If you are conscientious, you have had to do extra work to avoid getting a poor grade or simply being part of a sinking ship. High performers generally do not enjoy working with people who do not execute their assigned tasks.



According to Price's Law, the square root of the total number of people in a given domain do 50% of the work. That is to say, if a company employs 10 people, 3 of them are doing half of the work. If a company employs 100 people, only 10 of them do half of the work! As one scholar put it, "...as entities grow, incompetence grows exponentially". For the top performers, equal compensation with others not delivering as much is demotivating. Although much debate surrounds the generalisability of this and similar theories, they expose the truth in the asymmetry of productivity inherent in most organisations. Theories like this are equally daunting to entrepreneurs and employees (especially top performers!).

The drawback becomes this, when it comes time for performance reviews, everyone becomes uneasy regardless of whether one has been meeting their targets (deliverables) or not. Even human resources managers do not enjoy doing them. Perhaps this is due to the implicit anxiety-evoking idea that underpins it...the possibility of being let go.

The global Covid-19 pandemic has not made things easier either. The world of work has changed drastically. With lockdown regulations, working from home has become a necessary adjustment for most people. Adjusting to this new normal has no small effect on productivity. The biggest *question* for employees then becomes work-life balance versus work-life integration. The lines between personal time and work time become increasingly blurred. Does one strictly set out time for their profession/work duties to not mix with their time? Or does one find ways to integrate these seamlessly? The judgment is still out on this as scholars continue to debate this.

However, whether you are an employee or employer, understanding performance appraisal and current best practices given the conditions is crucial to your organisation's success and for personal development. Here we will touch base on all you need to know about the performance appraisal.

What is performance appraisal?

Simply put, performance appraisal is a systematic method with which supervisors assess the performance of their supervisees after the fact (Cappelli and Canyon, 2018)

So why bother with performance appraisal?

According to the Harvard Business Review, the utility of performance review can be broken down into three primary purposes. Firstly, it helps in providing each individual with feedback on their performance and relevant status. Secondly, areas that need more effort based on individual performance are highlighted, thereby providing a base to modify work-related behaviour positively. This information helps managers identify the potential for growth and craft employee-specific training programs to bridge the skills gap within their organisation, thereby increasing productivity. Lastly, it provides managers with data they can use to judge how to distribute future work assignments. This is particularly useful in placing the right people in the right jobs by assessing the staff complement's capacity objectively. This informs an organisation's decision on whether or not to recruit more people and what skills the ideal candidate should possess.

Well carried out performance reviews can be advantageous for the following reasons

1. Promotion: Supervisors can use performance reports to customise promotion systems to reward high-performing staff. In this approach, inefficient employees may be fired or demoted if necessary.

2. Compensation: Performance evaluations can also be used to decide compensation packages, wage structures, and raises in pay. Employees can be graded based on their ability to complete specified tasks. Merit rather than seniority should be the criterion.

3. Employee Development: A comprehensive performance appraisal approach aids managers in developing training policies and programs. It aids in analysing employees' strengths and limitations so that new positions can be tailored for efficient workers. It also aids in the formulation of future development plans.

4. Selection Validation: Performance reviews helps organisations in ascertaining the validity and significance of the selection process. Supervisors are informed about the authenticity of the candidate selection process, as well as its strengths and flaws. It is from this standpoint that future changes can be made.

5. Communication: Effective communication between employees and employers is critical for an organisation's success. Communication can be sought in the following ways through performance appraisal:

- Employers can grasp and appreciate subordinates' skills through performance appraisal.
- Subordinates can understand and develop a sense of trust and confidence in their superiors.
- It also aids in the maintenance of a positive labour-management relationship.
- It fosters a positive work environment and raises staff morale.

All of the characteristics above contribute to good communication.

6. Motivation: Performance appraisal serves as a motivation tool. By evaluating employees' performance, a person's efficiency can be determined if the targets are achieved. This very well motivates a person and helps him to improve his performance in the future.

Types of performance reviews

A majority of performance appraisals are top-down. This means that the supervisors conduct the reviews with no input from the supervisee. There are, however, other types one can use in its stead.

Self-assessment: This self-report assessment requires the employee to rate their job performance and behaviour from their perception. It works on the assumption that the individual will provide a more in-depth perspective. However, like all self-report methods, it is not without flaws. It assumes a level of self-awareness and objectivity that may not always be realistic.

Peer assessment: This is a method where an individual's workgroup or co-workers evaluate their performance. This method tends to be more objective than the latter. However, it may reflect one's extraversion and ability to fit in the organisation's culture rather than actual productivity. High-performing individuals who may be outcasts for whatever reason may not be fairly assessed using this method.

360-degree feedback assessment: In this method of performance review, input is sought out from the individual, their peers, and their supervisor. This may reflect one's performance more accurately as it requires multiple sources of information. This may not be an ideal fit for all organisations due to its time-consuming nature. This is debatable as it may question the opportunity cost to the organisation of a fair appraisal in the long run.

Negotiated review: A more recent practice involving a mediator aims to mitigate performance reviews' adversarial nature by enabling the subject to speak first before any criticism. It focuses on what the individual is doing well during discussions between subordinates and their supervisors

If you are an employer considering the type of performance appraisal method to use in 2021 for your organisation you may want to consider the following.

Empathy

As a starting point, evaluate why you're conducting performance reviews in the first place. As we continue to deal with the global Covid-19 pandemic, you're not necessarily aiming to single out weak performers out of malice. Instead, it is about improving your company's culture and reinforcing its principles. According to Harvard business review, how organisations treat their employees during this pandemic will make or break the culture. According to Mark Mortensen (associate professor of organisational behaviour at INSEAD), "performance evaluations are one of the strongest anchors and relics of your company culture," and they should be used judiciously. Discuss the company's short- and long-term objectives with your supervisor and co-workers. As part of the evaluations, work together to figure out how to communicate those to your workforce. He warns that a leader's actions and words will remain well after this situation has blown over. Mortensen advises compassion by likening employees to a flock. He says, "Demonstrate your managerial prowess. Remember that your fundamental goal hasn't changed: you're still attempting to assist your personnel in becoming as powerful as feasible."

Gather different kinds of data

Instead of the traditional top-down methods of performance review, consider self-report measures as well to have a more robust understanding of your employee's position

Set the right tone

When conducting virtual assessments, try to utilise platforms like Zoom, Google Meets that have a video feature. These tend to be more personal and humane. It may provide you with a picture of their working environment. You may even come up with suggestions and advice on types of support your organisation may offer them to be more productive. Video platforms allow for context cues that may not otherwise be obvious via voice calls or other methods of communication. Nothing should be lost in translation.

Discuss with your employees on realistic expectations and reach a consensus on the best way to move forward. This may give you an understanding of challenges that may be unique to each individual on your team and how to bridge those gaps.

Be effusive with your top performers

It is vital to recognise your best performers for their morale and your company's ability to keep them. Top performers rarely lack opportunities. With the job market becoming truly global, it is essential to realise that competition for good talent is no longer restricted by physical constraints. To avoid your top performers leaving you for your competition, reassure them and recognise their efforts. With many companies having restructured and continue to retrench people, a lot of uncertainty is created. Especially if your company is experiencing this type of change, give feedback to your top-performers who you do not plan on losing and maintain open and honest communication.

Plan, Plan, Plan!

Be proactive in your approach to performance management. Since remote working may not disappear any time soon, you may want to consider more frequent, smaller performance evaluations to make sure everyone is on the same page. This allows you to upskill as necessary before losses are too substantial.

Moreover, effectively communicate the trajectory of the organisation. Where possible, align the goals of the organisation and those of your employees

Traditional Performance reviews	Modern Performance Reviews
· Held annually	· Held quarterly or monthly
· One-way conversations	· Two-way conversations
· Review past performance	· Review recent performance and coach to impact, development, & growth
· Closed-door policy	· Open-door policy
· Little to no transparency	· Transparent and collaborative
· Based on subjective manager opinion	· Based on rich and real-time employee data
· Result in a rating and minimal follow-up	· Conclude with next steps and follow-up
· Held annually	· Held quarterly or monthly

For employees:

Plan ahead: Always make sure you plan. Know your KPI's (key performance indicators). Break them into smaller tasks and develop a sustainable routine. This will go a long way in you achieving what your need to.

Communicate effectively: Make sure you communicate with your supervisor on progress on tasks, challenges you may be facing, and support you may need to accomplish your goals efficiently. A record of communication will work in your favour come time for performance reviews.

Don't expect to be hand-held: Find creative solutions specific to you and pull your weight!

Go in with an open mind: Go into each performance appraisal, not with a hostile attitude but with a positive one. See it as an opportunity to reflect and obtain constructive feedback to help you in your professional development.

<https://thehumancapitalhub.com/articles/performance-appraisal-everything-you-need-to-know>