

Assessment & Evaluation

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Increasing the Value of Performance Appraisals

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In the 1700s, biographer James Boswell learned about the Giant's Causeway and became quite excited about the prospect of visiting this unique area of chimney rocks in Ireland. He conveyed his enthusiasm to British storyteller Samuel Johnson, urging him to make the lengthy journey. True to

form, Johnson said, "Dear sir, while it might be worth seeing, it is not worth going to see."

While there are many things we can do, some things are not worth doing, and we should know the difference. First, we have to decide what things make a difference and understand what impact they have. Once we have characterized these attributes and/or success factors, can we measure them? Are all indicators equally important or relevant? Can we rank them? Before we can make these kinds of decisions, we should be aware of our assumptions. Performance appraisals are supposed to:

- Provide feedback on results — what worked and what did not.
- Motivate employees to engage in the right behaviors to perform better.
- Provide development opportunities to perform better the next time.
- Distinguish the top performers from the poor ones.
- Provide the framework for termination decisions based on poor performance.
- Foster communications between the manager and employee.
- Set expectations for the job.

In reality, however, we often find the opposite. Performance appraisals often get a bad wrap because the review cycle typically occurs only once a year and is backward-looking. They tend to focus the end results without focusing on the means to get there and how to move forward.

Another major reason that performance reviews have added little value to organizations is that managers are not appropriately trained to assess individuals and provide proper constructive criticism.

As a result of inadequate manager training, team leaders tend to give everyone relatively similar rankings to avoid problems and potential litigation. Another major concern with performance appraisals stems from the inadequate link to development opportunities and motivational-reward systems.

As a result of these inconsistent and often missed opportunities, performance appraisals thwart the intended goals of the organizations and lead employees to question management and the enterprise.

We should question the assumptions of performance appraisals and provide better, more authentic ways to manage, measure and motivate employees through performance management processes that are comprehensive in all aspects of human capital management.

Pros and Cons

Making sure employees' work activities support corporate strategies is critical to reaching your goals. It allows you to make appropriate compensation and promotion decisions and to encourage and develop the talent your company needs to meet new demands and challenges.

Various techniques and formats exist to measure performance, as well as spinoffs on traditional models.

Self-Appraisals

Pros: Employees feel they have a voice in the process, and it provides the ability to report progress toward goals.

Cons: Individuals tend to rate themselves harder, and they might feel managers do not know what they are doing.

360-Degree Feedback

Pros: Facilitates open communication. Employees who work together are more likely to understand the objectives of the work and any challenges it presents. It enables all individuals involved with the employee to rate performance, and it should be used for developmental purposes, not for compensation or promotion.

Cons: Training is required to explain how to give constructive feedback. It requires a significant amount of trust—the organization must be mature enough to manage the process and avoid conflicts of interest between employees.

Management by Objectives

Pros: Allows management to focus on achievable results by matching goals against an employee's job objectives. It includes ongoing tracking and feedback in the process of reaching goals. Expectations are set for each job prior to performance, with regular coaching to help employees meet or exceed expectations. The focus is on results, not the work activities.

Cons: It's time-consuming for managers to constantly evaluate employees. It tends to underemphasize the importance of the work environment or the context in which the goals were set.

A complete performance management program would consist of many of the above techniques in a frequent cycle. Continually reviewing an employee's performance tends to increase accountability and organizational commitment while providing the chance to demonstrate productive behaviors to employees.

Increasing the Value of Performance Appraisals

Create, grow and integrate. These three words mean the difference between the success or failure of your performance-appraisal process.

- **Create:** generating the line of sight between the organization's goals and mission with the objectives the employee is asked to deliver.
- **Grow:** providing the opportunity for employees to increase their skill sets and competencies.

- **Integrate:** leveraging the performance-appraisal process as part of a holistic and comprehensive human capital management strategy.

Before implementing any evaluation method and embarking on change management for your performance-appraisal processes, it's imperative to consider your company's culture and business drivers.

Creating Line of Sight through Alignment with Corporate Goals and Objectives

Alignment ensures that the right tasks are being done with clear targets and priorities that are in collaboration with and driven from the overall corporate goals and objectives. It is the continuous process of securing resources. For HR professionals, that means determining how alignment can be achieved, and how it is managed.

Coordination is also key: Increasing the value of performance reviews begins with cascading the objectives set forth at the corporate level and translating these into distinct, measurable and meaningful tasks and objectives for the employee. This ensures people are focused on the right activities and results while using their core competencies.

Growing Skills and Competencies to Improve Employee Productivity

Growing employee competencies is important to help organizations achieve better results. Competency profiling and assessment can help companies identify superior performance with the hope of being able to identify and replicate among candidates and average and poor performers. But employee performance will not improve if it is not part of a performance management process that is based on developing the individual and anchored in behavioral objectives.

Managing and measuring competencies as part of an overall development plan and integrated HCM processes is the key to success for any organization. Because many tasks are braided together as part of projects, increasingly traditional HR functions can no longer rely on coordination and collaboration among various HR teams. In today's leading organizations, HR professionals have created the links among the process of all HCM strategic initiatives with integrated and supporting technologies to drive competitive advantage. Today's icon is not the atom but the network.

Integrated Learning and Coaching, Rewards, Career and Succession Planning

Organizations can increase the value of performance appraisals by integrating other HCM functions such as learning, compensation, and career and succession planning into the process. By creating a holistic approach to managing the life cycle of the employee, organizations move beyond management by creating new leaders.

Learning and Coaching

Integration of a development plan with the performance-appraisal process helps sets guidance and direction for employees to enhance their skills for successful completion of objectives. It sets the road map in place for how an employee can grow and develop new competencies for greater career expansion. Integrating an ongoing development plan provides opportunity for continuous feedback during the performance period. The effects of an integrated learning and coaching process encourage alignment between the goals of the organization and the tasks at hand. It enhances employees' motivation through continuous dialogue and a path into new opportunities. At the end of the day, it

provides employees an increased capability meet or exceed their objectives. Ultimately, integrating learning and coaching as part of the performance-appraisal process helps organizations become high-performing companies better able to adapt to rapid changes.

Reward Systems

Many organizations make pay decisions using the performance-appraisal process in an effort to tie contribution to pay. Unfortunately, it's an urban myth that pay for performance is a motivator to all employees.

We are beginning to see

HCM practices that are no longer "one size fits all." We are finding greater complexity of the programs and a willingness of organizations to increase the number of programs available to their workforce. Programs have been designed for different types of industries (again, one size does not fit all) and also accommodate different attitudes and work styles. When tailoring programs to meet specific needs, organizations are better able to motivate and, hence, retain key and top talent.

Integration of performance appraisals with reward systems provides the link between motivation and retention. If knowledge workers are going to have an opportunity to prove their worth, they need more formative rather than summative assessments.

Performance appraisals are best used to inform workers, acknowledge what they do well and identify any shaky areas where they might improve. Better still, these dialectical conversations will suggest development strategies that enhance workers' value to the organization and to themselves.

Career and Succession Planning

Performance appraisal systems that are integrated with career and succession planning provide managers with a better understanding of employees' commitment to growth and can strengthen the ability to retain top talent. As part of the dialogue and feedback loop in performance management processes, appraisals provide the opportunity to define where to go next in the company and what it is going to take to get there. When performance appraisals are part of a succession-planning process, it creates the ability for the company to identify top performers ready for the next senior position in the company, keep them motivated by career advancement and provide them with a road map to success.

Taking the Next Step

According to the inimitable Yogi Berra, "The future ain't what it used to be." Metrics are good, but they provide history rather than a crystal ball. It's very important to understand the aspirations of employees and ensure this resonates with the overall vision of the organization, a synergy that can be parlayed in yet another Yogi-ism: "Don't be where the ball isn't."

Performance is as much about setting goals as it is reaching them. If workers feel these goals are obsolete, misguided or don't reflect their own increasing talents, aspirations and interests, they are unlikely to commit.

Increasing the value of performance appraisals (and getting the passion out of the employee) requires a holistic approach to managing the life cycle of the employee. By truly understanding the skill sets and competencies candidates bring when they first approach the organization through the development of new skills in response to emerging challenges, organizations can cultivate the best environment for the

growth and retention of top, key talent.



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