

Basic elements of effective performance appraisal systems

An effective performance appraisal system that accomplishes an organization's goals should have essentially four elements:

1. **Based on observed job-related behavior.** Objective performance criteria should be based on some form of observable behavior related to the duties of the job. The criteria for evaluation is communicated to employees and goals and objectives should be reached through consultation between the manager and employee.
2. **Conducted by trained superior.** Persons conducting the appraisals, usually immediate supervisors, are trained in how the system works and how to deliver effective feedback on performance.
3. **Based on written policy and guidance.** Written guidelines for administering the appraisal system should be up-to-date, communicated to every employee assigned responsibility for conducting reviews and used by raters without deviation. Any exception should be approved before the fact and documented.
4. **Provide for employee feedback and input.** Employees who disagree with a rating should be given an opportunity to challenge the rating and have further explanation of how the rating was derived.

These broad guidelines provide the general elements that can be applied to any number of appraisal systems. Application of the guidelines can be applied on a decentralized and flexible basis that will allow various employee groups to adapt performance appraisal to their own special needs.

LINE TOOL: Practical tips for conducting performance appraisals

Key points concerning performance appraisals:

- Performance appraisals are a tool supervisors can use to manage effectively.
- They are not "just" paperwork for the Human Resources department.
- When done correctly, performance appraisals achieve important management functions.
- They set goals for employees to improve performance and increase productivity.
- They also identify good performers and bad performers, and provide the written record to support a decision to fire someone who has not responded to attempts to improve performance.

Rules. Follow these two basic rules for effective performance appraisals:

1. Base all descriptions of performance on factors relevant to performance of the job.
2. Describe the performance in objective terms. Performance must be measured in terms of behavior or actions on the job that can be observed by a manager or supervisor. Avoid subjective, vague or overly broad descriptions such as "poor attitude" or "no initiative."

Contrast the following examples of ineffective, vague descriptions of behavior with the more objective and specific descriptions of on-the-job activity.

Subjective

Lacks customer orientation.

Chronically absent.

Does not care about quality.

Lacks interest in work.

Objective

Does not greet customers quickly.

Absent 6 workdays in last month.

Has error rate of 10%.

Does not complete assignments.

Most of all, performance appraisals must be an accurate reflection of what a person did on the job. Avoid the temptation to "soften" a negative appraisal. The purpose of negative appraisals is not to punish people. Rather, effective negative feedback should notify an employee of unacceptable behavior and give the him or her an opportunity to change that behavior before more serious discipline is imposed.

(CCH; 12/08)