



**WHITEPAPER:
BEST PRACTICES FOR EMPLOYEE PERFORMANCE REVIEWS**



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BEST PRACTICES FOR EMPLOYEE PERFORMANCE REVIEWS

Introduction:

A standardized, quantified, and automated employee review process is an essential way to track employee progress and maximize productivity in the workplace. Most managers and human resource departments understand the core benefits of employee reviews. Regular evaluations help ensure recognition for high performing workers, and they help keep mid-level performers on track toward the achievement of reasonable goals. Evaluations also help managers deal with low performers by providing a clear record of all efforts made to avoid termination. These objectives are all vital aspects of performance tracking and workplace management; however, in reality most performance evaluations are conducted with reluctance employees and ignorance from management.

Here are some solid tips and tricks that we have picked up over the years regarding effectively conducting Employee Performance Reviews:

QUICK CHECKLIST

OVERVIEW

- ✿ Staff should be told about good/poor performance when it happens; the performance review should not contain “new” information.
- ✿ Managers should consult with others in the organization about the performance of their staff (anyone who might have relevant information).
- ✿ Employees should be aware of how their performance will be assessed before the review.
- ✿ Goals need to be set in advance and should be challenging but at the same time attainable.
- ✿ Goals should be specific, measurable, relevant, and time sensitive.
- ✿ The employee should take an active part in goal setting.
- ✿ Ensure that the employee’s goals align with organizational objectives.
- ✿ Have an open mind about employee’s future goals.

PREPARATION

- ✿ Be aware of the organization’s objectives and strategic plan for the coming year.
- ✿ Be aware of the employee’s major accomplishments in the past year.
- ✿ Be aware of the employee’s development efforts in the past year.
- ✿ Be aware of whether or how fully the action plan agreed on at the last review was carried out.
- ✿ Take time to consider if the employee had the opportunity/time to take on more, show initiative or was overworked.
- ✿ Refresh your memory about the professional aspirations of this employee.
- ✿ Be aware of the formal training initiatives planned by the organization for the upcoming year.
- ✿ Be aware of the organization’s human resources strategic plan for the upcoming year.
- ✿ Be aware of any major obstacles that may have prevented the employee from achieving objectives.
- ✿ Anticipate problems which may occur during the meeting and develop a strategy for dealing with them.
- ✿ Ensure that the employee has ample time to prepare for the meeting.
- ✿ Ensure that the employee has completed their self-assessment (if applicable).
- ✿ Ensure that the employee has read their appraisal.
- ✿ Do not let the past appraisals bias the current appraisal.
- ✿ Get assistance from colleagues when your relationship with the employee threatens your objectivity.
- ✿ A performance appraisal meeting should be a two way process. Be clear about your expectation that the employee participate fully.
- ✿ Be clear about whether you are evaluating an employee compared to his/her colleagues or against a pre-determined standard. Be consistent.



MANAGER REVIEW

- ✿ Avoid asking questions which can be answered with one word (closed questions) e.g. of a closed question: “Do you find your work challenging?” e.g. of an open question: “Tell me about the aspects of your work that you find challenging.”
- ✿ Try to decide ahead of time how long the review will last (ideally between 45 and 90 minutes) and attempt to stick to that decision
- ✿ Do not try to deal with more than 2 or 3 performance problems at the review
- ✿ Decide together how the necessary change will occur (e.g. Perhaps the employee needs to rethink his/her work priorities, with the manager’s help).
- ✿ Ensure the employee’s commitment to change (e.g. “Do you agree that the XYZ report will be submitted by the 5th of every month from now on?”).
- ✿ Agree to follow up on progress (e.g. “Let’s meet in two weeks to see if you’re running up against any obstacles to the plan.”).
- ✿ Comment on the performance/behavior, not the behavior e.g. on the person: “You seem a bit distracted lately.” e.g. on the behavior: “You are producing less than usual.”
- ✿ Give specific examples of what was done well if you’d like to see that performance/behavior repeated.
- ✿ Ensure your assessment covers the entire period, not just recent events.
- ✿ Avoid being unduly influenced (either positively or negatively) by only one event even if significant.
- ✿ If the employee reacts in a highly emotional manner during the review, try working through it before deciding to end the meeting.
- ✿ Keep the conversation flowing during the meeting by asking “Tell me more
- ✿ If terminating the meeting seems like the best alternative, be sure to schedule another meeting within several days.
- ✿ Be sure to set follow up meetings to monitor the employee’s action plan and objectives
- ✿ Do not permit any outside interruptions during the meeting.
- ✿ Do not criticize an employee for something they had no control over e.g. taking a long time to complete an assignment because computers were not functioning properly.

For each performance problem:

- ✓ State the behaviour in specific terms (e.g. “Your work is not submitted on time.”)
- ✓ Give at least 2 specific examples of that behaviour (e.g. “I received the XYZ report 3 days late in January and a week late in May.”)
- ✓ State the effect that the behaviour has on quality of work, on customers, on colleagues, etc. (e.g. “When the XYZ report is late, the projections which the CFO needs are late. This may result in poor financial decisions.”)
- ✓ Be clear about what the required performance should look like (e.g. “In order to get the projections to the CFO on time, I need the XYZ report on the 5th of every month.”)
- ✓ Obtain the employee’s opinion/comments (e.g. “What would you like to say about this matter?”)

EMPLOYEE REVIEW

- ✿ Keep a record of both positive and negative aspects of your performance. Include specific examples
- ✿ Ensure you are familiar with how your performance will be measured.
- ✿ When developing goals, ensure they are compatible with the organization’s goals.
- ✿ Consider what the organization and your manager can do to help improve your performance. Be prepared to discuss.
- ✿ In addition to considering your strengths and weaknesses, consider how you can maintain or improve upon them.
- ✿ When commenting on your manager’s ability to help you perform well, it is best to refer to behaviours and not of him/her as a person e.g. of a person: “You don’t seem interested in my professional development.” e.g. of behaviour: “I believe I would have progressed further this year, if you had spent more time with me.



AVOIDING EMPLOYEE PERFORMANCE APPRAISAL BIASES

Companies rely on the data provided by performance evaluations for a myriad of business decisions. Succession planning, compensation decisions, recruiting and retention strategies, development initiatives, and engagement plans are just a few decisions and processes whose execution and success depends on accurate and fair performance appraisal data.

When so much rests on the validity of this data, it seems clear that eliminating bias and error in performance appraisals is a critical responsibility for supervisors, managers and human resources staff.

What type of biases should leaders be aware of?

Horns and Halos Effect - The horns and halos effect is a common phenomenon noted in many business situations. Essentially, it refers to the habit that managers have of assuming that a particular employee is naturally good or bad at his job. This perspective is usually based in personality clashes and other factors that do not actually indicate job performance. Once the manager has decided on a certain viewpoint of an employee, that manager naturally looks for information to back up that viewpoint, rather than letting data on the employee form perspectives. This influences performance appraisals and other types of reviews.

Purposeful Bias – In rarer cases, manager bias in performance reviews is not a natural “filling in” of previous expectations but is instead purposeful sabotage. This occurs when a manager feels threatened by an employee who shows talent, defiance of business orders or ambition to reach a higher level in the business. To protect their own positions or keep negative opinions from reaching higher levels of the hierarchy, these managers give employees poor appraisal scores.

Appraisal Bias - In many instances, the appraisals themselves are biased toward a particular type of position. Many companies use only one type of appraisal form, but one form rarely applies well to every type of employee. For instance, a form that emphasizes creativity and communication allows an employee in marketing to score very well but an employee in production to score poorly, based simply on the requirements of the different positions.

Self-Bias – Employees can also suffer from a type of self-fulfilling prophecy. In general, if performance appraisals show that an employee is performing very well, that employee will continue to perform well and could even perform better. If the review shows poor performance, the employee will continue to perform poorly. Like the managers themselves, employees tend naturally to change to fit the perception that the performance review creates.

Avoiding Common Biases:

Year-round Journaling and feedback: This seems simple enough – if managers provide timely feedback, then the accuracy of that feedback is going to be much better than if they wait until an annual review. The Halo effect is very common and it is clear why. If managers sit down at the end of the year and attempt to recollect the caliber of an employee’s performance over that span of time, it is no wonder why they would inadvertently refer to past performance results. Having a performance management system that allows the attachment of files and notes is a great way for employees to ensure that their actual accomplishments are being considered when managers complete their appraisal.

360 Reviews: Sometimes the best way to get an accurate look at an employee’s performance is to ask several parties for their input and then use the results to gauge overall performance. 360 multi-rater reviews are a great way to eliminate bias as it ‘averages out’ if you will, the ratings and reviews of several parties.

Benchmarking: Many organizations are finding it useful to have managers and supervisors meet to discuss how and why they rate performance the way they do. This ensures rating consistency across departments.

Adjusted rating scales: if rating scales are vague and rely on manager judgements instead of observable milestones, then chances of a biased rating are increased. For instance, managers are more likely to be biased if they are using a traditional ‘Exceeds Expectations, Meets Expectations etc...’ rating scale as opposed to a ‘Goal Completed, Goal Started’ rating scale.

Custom forms: The appraisal bias is a serious one and is often unavoidable by managers as they might not have any control over appraisal form templates. Companies using outdated or paper-based appraisal systems simply don’t have the time to create and maintain separate forms that accurately rate different departments, roles, or levels. Performance management technology does give companies the chance to eliminate this bias. Choosing automated, online performance



management software that allows for custom appraisal templates to be built, maintained, and updated by the organization is a quick and easy way to avoid appraisal bias. CRG emPerform does just that by providing flexible software that allows for an unlimited number of forms, workflows, and approver levels.

Monitor: Even if you educate managers and supervisors on how to avoid bias, how can you be sure it isn't happening? Again, automated performance management systems, such as emPerform, can give you up-to-the minute status reports such as ratings by manager. Any anomalies will stand out like a sore thumb and you can catch up with that manager about his or her rating styles. Ratings by Manager is just one of almost a hundred canned reports available in emPerform (not to mention the additional ad-hoc reporting functionality). Overall – if you can see it, you can address it.

ENGAGING EMPLOYEES TO PARTICIPATE IN PERFORMANCE REVIEW CONVERSATIONS

In order to encourage dialogue during the meeting, employees should know that they have the manager's full interest and undivided attention. This is accomplished by ensuring that the meeting is conducted in an environment that has no distractions and by the manager asking thought-provoking and insightful questions that encourage the employee to do most of the talking.

Use as many open-ended questions as possible. Questions such as 'Do you like your job', and 'Are you happy' are common questions asked by managers in performance evaluation meetings; however, they often solicit one word responses which are not very useful at gauging any degree of employee satisfaction and don't encourage employees to elaborate. Ask as many open-ended questions as possible during the review meeting to ensure that managers get the most feedback and insight as possible. Open ended questions also offer a platform for the employee to express their true thoughts and viewpoints. Questions such as "What do you like or dislike about your job" and "What aspects of your role do you see particularly challenging" are likely to encourage more than a 'yes' or 'no' response.

Use conversation starters: We recommended that manager do their best to keep the conversation flowing throughout the entire review. Ways to do this is to keep a list of conversation starters in your back pocket and use them whenever the conversation begins to dwindle. Common examples of great conversation starters include:

"Go on...."

"Tell me more..."

"Why do you say that.."

"How do you mean..."

"Can you give me an example..."

"What else..."

Make sure the employee has read the review before the official meeting: Overall, employees are more likely to talk more in their evaluation meeting if they have had time to plan their responses. By ensuring the employee has read and digested the performance review beforehand, the manager is guaranteeing that there will be no surprises in the meeting and is equipping the employee with time to process their thoughts. emPerform actually allows managers to view the date and time stamp of when then employee has read their appraisal. If the manager notices that the employee has not read their review, they can easily send the employee a reminder to do so before the official meeting.

4 THINGS TO KEEP IN MIND WHEN CONDUCTING PERFORMANCE REVIEWS:

1. Keep the audit principle in mind. Instead of examining every minute detail of every employee's performance, monitor a small number of details that suggest competence or incompetence across broad areas. For example, if too many customer complaints suggest an underlying problem, use "number of customer complaints" as one of the points in a five point audit. If an employee's number falls above or below a certain threshold, investigate further. If not, move on.

2. Carefully weigh the benefits before taking steps to increase breadth and objectivity. Many managers find value in 360 degree reviews, where peers and underlings, not just supervisors, evaluate a worker's performance. This may be a valuable evaluation tool for some positions. But for others, it simply means that twelve employees instead of one will spend an hour completing the review. Make sure the gains of the review are worth 11 additional hours of lost productivity.



3. Make sure the review process stays brief, measurable, and goal-oriented for managers who have limited personal contact with their direct reports. Keep the process meaningful in these cases, and don't require absentee managers to provide lengthy comments on unquantifiable or open-ended performance criteria.

4. Focus on automation. Technology moves fast. Re-examine your review workflows at least once every year, and maintain an ongoing search for new tools and new ways to streamline and automate your process. Don't waste time on record maintenance or data management if you can easily rely on a sophisticated software program to handle this for you. CRG emPerform's cutting edge HR management application can keep your review process efficient and cost effective.

SELF-ASSESSMENTS: USEFUL OR NOT?

In order to increase the objectivity and accuracy of performance reviews, many companies require employees to complete self-assessments (a.k.a. self-evaluations) before the formal review process takes place. Employee self-assessment models have been praised and widely embraced, since they offer employees a sense of control over the process and a structured opportunity to list accomplishments that may have been overlooked by managers and supervisors during the year under consideration. Some argue that self-assessments also serve to re-engage employees in the review process prior to the actual review.

Some organizations are even moving past the traditional 'past and present' self-assessment model and adopting 'future-focused' self-assessments. Instead of assessing skills against current job requirements, employees have the opportunity to proactively manage their career progression by evaluating their skills against future or desired jobs (evaluating their own potential). Companies then use the employee's and manager's performance and potential ratings to tap their talent pool and execute effective succession planning processes.

These are the benefits of the self-assessment process in theory. But in actual practice, do employee self-assessments really improve productivity? Critics claim that self-assessments only add time and expense to the review process and encourage employees to spin or overstate accomplishments for the benefit of an easily compromised official record. Some studies have shown that lower-performing employees tend to rate themselves higher and higher-performing employees are more modest than they should be when evaluating themselves. The value of self-assessments has been debated; however, we believe that if done correctly and for the right reasons, self-assessments can do more good than bad. The process as well as the results contribute to employee engagement and manager/employee communication – not to mention the data collected can be used for company decision making.

How can you decide if the self-evaluation process is worthwhile in your workplace? Begin by asking yourself the following questions:

- ? Are your self-assessments standardized? Self-evaluations will have more value and will more accurately inform the review process if stated accomplishments are measurable and transferable across similar positions.
- ? Does each evaluation criteria accompany a numbered scale? Each criterion should offer an opportunity for open-ended comment, but should also allow employees to grade their performance on a scale of one to five.
- ? Do your evaluations allow employees to list clear areas in need of improvement and deliverable goals for the upcoming year? Like the formal review, the self-evaluation should end with a list of action-items and specific, realistic goals.
- ? Do your assessments allow employees to evaluate their skills against future positions so that effective development and succession plans can be put into place? On the same note, are employees made aware of how the results of the self-assessments are being used in that regard? Employees might be more likely to engage in the process and offer deeper feedback if they know that their self-assessment could translate to future promotions or career development initiatives. It also lets the employees know that the organization is engaged in developing their careers.
- ? Are you simplifying the appraisal and self-assessment process by using technology to automate forms and to allow the results to be analyzed properly? Is your company prepared to factor the results into decision making? It is simple – if the appraisals are easy to complete – employees are more likely to get them done in a timely manner. Also, there is no point in implementing an insightful assessment process that captures rich data if the organization is not willing to properly view and use the data. Technology solutions that automate the process and allow for reporting solve these issues.



Although the practice of employee self-assessment is not new, the range of useful possibilities to which it can be applied is rapidly evolving. Employee self-assessment does, of course, concern specific individuals. Yet, through technology it now offers company-wide strategic possibilities for growth and improved financial performance.

If you're in the process of developing or refining your employee assessment model, software solutions, such as CRG emPerform, can help you focus on your process and maximize the efficiency, value and productivity of your reviews.

About emPerform

emPerform is an easy-to-use web-based employee performance management solution that automates vital employee performance management processes; including: online appraisals, goal management, 360 degree multi-rater reviews, online surveys, succession planning, compensation management, development plans, and reporting & analytics.

emPerform has thousands of users across the globe spanning large and small organizations in both the public and private sectors. The software solution is sold through worldwide partners in UK & Europe, Canada, USA, South Africa and India.

To learn more about emPerform, to take a 6-minute Product Tour or to request a personal demonstration visit: www.employee-performance.com

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