

Performance Review Policy



Employee performance management is an integral part of overall organization management. It should relate employee work performance and achievements to the operational and strategic performance of the organization.

Legal requirement for performance management

While establishing a performance management policy and procedure is not a legal requirement, human rights legislation require employers to treat employees equitably and fairly, without discrimination. A well-designed, documented and implemented performance management policy and process can serve to both ensure, and demonstrate, objective and fair decision-making regarding compensation, promotion, disciplinary action and termination (refer to Discipline and Termination).

Elements of employee performance management

There are a number of elements of performance management that organizations should focus on when establishing an employee performance management policy and process.

Alignment of employee performance objectives to organizational goals

While job descriptions establish the activities that need to get done in order to deliver the services of the organization, performance objectives define the qualitative and quantitative standards for each of the key activities. Employees at all levels in the organization should be able to clearly understand how their job activities and the level of their performance directly contribute to the success of the organization

Supervisor – employee collaboration

Employee performance management provides an opportunity to build trust and foster constructive and productive working relationships, particularly between employees and their supervisors. A performance management process that encourages collaboration in setting performance objectives and evaluation results is more effective in motivating employees than a top-down process.

Cycles of performance management

Most organizations establish an annual performance management cycle, however, it may be more appropriate for the organization as a whole, or specific functions within the organization to have shorter (perhaps project based) performance management cycles. Regardless of the length of the performance management cycle,

it should encompass the following steps:

Performance planning – Typically a collaborative process between supervisors and employees, reviewing the job activities and establishing performance standards and expected results; the performance plan should be documented, including any training or development plans required by the employee to meet job performance objectives.

Performance feedback – Informal feedback should be on-going; there should be periodic formal feedback prior to the final performance appraisal (particularly in long performance cycles, such as annual).

Performance management – In addition to providing feedback, supervisors should be providing coaching and other resources to assist employees who are not achieving performance standards. Employees who are unable to meet performance standards over the long term (after training and coaching) may be placed on probation, offered a more appropriate role for their competencies, or terminated (refer to Discipline and Termination). Any change of position must be fairly negotiated with the employee to avoid any claim of constructive dismissal.

Performance appraisal – A formal performance appraisal should be conducted at the end of the performance management cycle. The performance appraisal should be conducted in a one-on-one meeting with opportunity for discussion regarding performance achievement. The performance appraisal should be documented and kept in the employee file.

Performance appraisal ratings and forms

- Organizations usually establish appraisal ratings to indicate the level of performance achieved by employees. The current trend is to simplify rating scales and move away from numeric scales to words descriptive of performance.
- The value of a rating system is that it provides a clear indicator to the employee of the level of his or her performance achievement. However, over-focus on the performance rating minimizes the value of the on-going performance development of the employee.
- The conversation on all aspects of the performances should be emphasized over and above communicating a rating, and should focus primarily on future performance versus employee mistakes and past performance.
- An appraisal form contributes to consistency in performance feedback and management in the organization, and ensures performance management activities are properly documented. Forms should be kept as simple and clear as possible – the more complex the form the more opportunity for misunderstanding and miscommunication.

While performance results are often the key criteria for making compensation decisions, best practice organizations separate the two conversations to maintain a focus on performance excellence.