# Conducting Effective Performance Reviews

Vital: Management Training and Technical Assistance
Project Webinar

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## Introductions

- Approach to the Webinar
- Dialogue
  - Mute and Un-Mute
  - Chat Box
- Who is on the Call

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## Agenda

I.   Welcome and Introductions
II.  What is Performance Management?
III. Why Do Performance Appraisals?
IV.  The Performance Management Cycle
  I.   Plan
  II.  Monitor
  III. Review
V.   Developing and Assessment Tool
VI.  Resources for Troubleshooting Problems

Material adapted from the hrcouncil.ca HR Toolkit. Retrieved from: http://hrcouncil.ca/hr-toolkit/keeping-people-performance-management.cfm

## Performance Reviews

- Word Association: When I say conducting a performance review, what sort of words or images come to mind?

- What are some of the challenges associated with managing people in your field?

## Performance Management

Performance management is:

- A process by which managers and employees work together to plan, monitor and review an employee's work objectives and overall contribution to the organization.

- The continuous process of setting objectives, assessing progress and providing on-going coaching and feedback to ensure that employees are meeting their objectives and career goals.

## Goals of Performance Appraisal

The fundamental purpose of performance management is to promote and improve employee effectiveness. The goals of performance appraisal are to:

- Provide an opportunity for the supervisor and employee to assess the employee's past performance.

- Allow for continuous communication between supervisor and employee about job performance.

- Offer the supervisor and employee the opportunity to develop a set of expectations for future performance.

- Provide for future development of the employee.

- Provide supporting documentation for pay decisions, promotions, transfers, grievances, complaints, disciplinary actions and terminations.

## At minimum, a performance measurement system should (for the organization) :

- Be practical and easy to understand and use
- Align with the organization's strategic direction and culture
- Provide an accurate picture of each employee's performance
- Monitor and measure results (what) and behaviors (how)
- Support administrative decision-making about promotions, terminations, compensation and rewards
- Provide legal documentation to demonstrate due diligence for legal challenges related to dismissal or vicarious liability (an employer can be held liable for the acts or omissions by its employees during the course of employment).

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## A Show of Hands

Using the "raise your hand" feature or chat box, tell me:

- Does this describe your current performance appraisal system? In what ways?

- Do you take steps to synch employee performance to the strategic direction of your organization? How so?
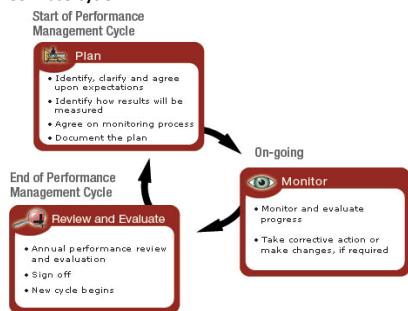
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## And, for employees, should :

- Include a collaborative process for setting goals and reviewing performance based on two-way communication between the employee and manager; An opportunity for employees to participate in setting the goals and standards for performance.
- Include continuous, prompt, honest, and meaningful feedback - both positive and constructive
- Include coaching and suggestions for improving future performance
- Establish clear communication between managers and employees about what they are expected to accomplish
- Ensure that employee work plans support the strategic direction of the organization
- Provide an opportunity for employees to understand and influence decisions that affect them

## Appraisal Data Is Needed For...

- **Assessment of current employee performance**
  - are performance standards being met?
- **Training needs**
  - what does the employee need to learn in order to improve current work performance?
- **Career planning and development**
  - assessing an employee's strengths and weaknesses to determine advancement
- **Compensation programs**
  - provides a basis for rational decisions regarding pay adjustments (raises and bonuses)
- **Internal employee relations**
  - used for decisions in several areas of internal employee relations, including promotion, demotion, termination, layoff, and transfer (transfers, layoffs, terminations)
- **Recruitment and selection**
  - generates data to validate selection criteria
- **Human resource planning**
  - assessment data is helpful in building replacement or succession charts

## The Performance Management Cycle

**A Three Phase Cycle:**

Start of Performance Management Cycle

**Plan**
- Identify, clarify and agree upon expectations
- Identify how results will be measured
- Agree on monitoring process
- Document the plan

On-going

**Monitor**
- Monitor and evaluate progress
- Take corrective action or make changes, if required

End of Performance Management Cycle

**Review and Evaluate**
- Annual performance review and evaluation
- Sign off
- New cycle begins

## Phase I: Plan

1. Review and update the employee's job description
2. Identify and review links between the employee's job description, work plan and the organization's goals and strategic plan.
3. Develop a work plan that outlines the tasks to be completed, expected results and measures to be used to evaluate performance.
4. Identify 3-5 areas as key performance objectives for the year, critical to the success of the position. (If the employee does not meet these objectives then performance will be deemed unsatisfactory.)
5. Identify training objectives that will help the employee grow.
6. Identify long term career development objectives.
7. Employee and manager sign off on the proposed work assessment plan (a copy of the plan should be given to the employee and another should be kept in his or her confidential personnel folder).

## Creating a Work Plan

A work plan outlines the employee's annual performance objectives – what and how.

Objectives need to be SMART!

- **S**pecific
- **M**easurable
- **A**ttainable
- **R**ealistic
- **T**ime-bound

## Phase II: Monitor

- Assess progress towards meeting performance objectives
- Identify and address any barriers that may prevent the employee from accomplishing performance objectives
- Share feedback on progress relative to the goals
- Identify any changes that may be required to the work plan
- Determine if any extra support is required from the manager or others to assist the employee in achieving his or her objectives

## Continuous Coaching

Coaching means:

- providing direction, guidance, and support
- recognize strengths and weaknesses of employees and work with employees to identify opportunities and methods to maximize strengths and improve weak areas.
- Demonstrate skills and to give the employee feed back, and reassurance while he or she practices new skills.
- Good listening
- Ability to deliver honest feedback

## Honest Feedback? Agh!!

A few thoughts to consider:

- Address problems when they first arise
- Direct comments to the action not the person
- Be prepared - think through what you want to address, confirm the facts, be clear about the consequences if performance does not improve
- Plan to meet in a location where there will be privacy and minimal interruptions
- State the facts; provide specific examples
- Listen
- Agree on and document a plan of action
- Follow up

## Phase III: Review

- The actual performance assessment meeting is an opportunity to review, summarize and highlight the employee's performance over the course of the review period.
- Use of a self-assessment
- Managers should review their performance management notes generated throughout the year to more effectively assess the employee's performance.
- Only issues that have already been discussed with the employee should be part of the assessment documentation and meeting.
- In the performance assessment meeting, employees and managers will:
  - Summarize the work accomplished during the previous year relative to the goals that were set at the beginning of the performance period.
  - Document challenges encountered during the year and identify areas for training and/or development
  - Identify and discuss any unforeseen barriers to the achievement of the objectives
- The employee and the supervisor should sign off on the form. This acknowledges involvement in the process, but not necessarily agreement by employee with the content of the evaluation. If an employee disagrees with any part of the performance assessment, provide them with the opportunity to attach their comments and file with their performance assessment.

## Review Meeting

**Staff** member arrives open-minded.
**Supervisor** describes process & invites self-assessment.

**Supervisor** summarizes 'core message.'
**Staff** member listens, responds, thanks supervisor for feedback.

**Staff** comments on self-assessment & gives examples.

Opening

Summary

Self-Assessment

**Staff** member and **Supervisor** discuss career interests & development activities

Developmt Discussion

Supervisor Comment

**Supervisor** identifies areas of agreement with own examples; provides rationale & examples to explain differences.
**Staff** responds/asks questions to clarify.

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## Concluding the Interview

- Ideally, employees will leave interview with positive feelings about management, company, job, and themselves

- Cannot change past behavior, future performance is another matter

- Should end with specific and mutually agreed upon plans for employee's development

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## Avoid Rater Bias

- Appraiser Discomfort
- Halo/Horn
- Central Tendency
- Leniency Bias / Strictness Bias
- Recent Behavior Bias
- Personal Bias
- Manipulating the Evaluation

## Appraiser Discomfort

- Performance appraisal process cuts into manager's time
- Experience can be unpleasant when employee has not performed well
- Conflict avoidant

## Halo/Horn Error

- Halo error - Occurs when manager generalizes one *positive* performance feature or incident to all aspects of employee performance resulting in higher rating
- Horn error - Evaluation error occurs when manager generalizes one *negative* performance feature or incident to all aspects of employee performance resulting in lower rating

## Central Tendency

- Error occurs when employees are incorrectly rated near average or middle of scale

- May be encouraged by some rating scale systems requiring evaluator to justify in writing extremely high or extremely low ratings

## Leniency/Strictness

- Leniency - Giving undeserved high ratings
- Strictness - Being unduly critical of employee's work performance
- Worst situation is when firm has both lenient and strict managers and does nothing to level inequities OR, is more lenient or strict with one employee as compared to another

## Recent Behavior Bias

- Employee's behavior often improves and productivity tends to rise several days or weeks before scheduled evaluation

- Only natural for rater to remember recent behavior more clearly than actions from more distant past

- Importance of maintaining records of performance

## Personal Bias (Stereotyping)

- Managers allow individual differences such as gender, race or age to affect ratings they give
- Effects of cultural bias, or stereotyping, can influence appraisals
- Same-as-me **-** A tendency to rate employees who are perceived to be similar to the rater more favorably than employees who are dissimilar.
- Other factors – Example: mild-mannered employees may be appraised more harshly simply because they do not seriously object to results

## Manipulating the Evaluation

- Sometimes, managers control virtually every aspect of appraisal process and are in position to manipulate system

- Example: Want to give pay raise to certain employee. Supervisor may give  employee a undeserved high performance evaluation
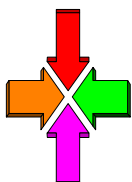
Others?

## An Appeals Process

- Must provide employees opportunity to appeal appraisal results
- Must have procedure for pursuing grievances and having them addressed objectively ; a step process

## Legal Implications

- Employers must prepare for more discrimination lawsuits and jury trials related to performance appraisals
- Unlikely that any appraisal system will be immune to legal challenge

## Courts Normally Require

- Either absence of adverse impact on members of protected classes or validation of process.
- System that prevents one manager from directing or controlling a subordinate's career.
- Appraisal should be reviewed and approved by someone or some group in organization.
- Rater, or raters, must have personal knowledge of employee's job performance.
- Must use predetermined criteria that limits manager's discretion.

## Developing an Assessment Tool

Components:
- General Information
- Instructions
- Performance Objectives and Measures
- Competency Profile
- Clear rating scales
- Employee training and development plan
- Sign-off

## Definitions

- **Performance Appraisal** - a <u>continuous</u> process in which a supervisor assesses an employee's achievement of previously established performance expectations

- **Performance Standard** - how we know a goal or duty has been accomplished in an acceptable manner.  There are four kinds (quality, time, quantity, and resource), and we will review them in a short while.

| Performance Expectations | Performance Standard<br>This Expectation is met when: | WT | Rating | Score |
|---|---|---|---|---|
| 5.  Answer employment, employee relation, compensation, classification, and related policy/procedure questions. | | | | |
| 6. Monitor budget allocations. | | | | |

## Setting standards.  There are four kinds of standards:

**Time Standard**

(<u>When</u> is the expectation is done)

**Quality Standard**

(How <u>well</u> the expectation is done)

**Resources Standard**

(Either establishes a limit or specifies resources that are not fully under the employee's control

**Quantity Standard**

(How <u>much</u> the expectation is done)

**Note:**  The 'standard' <u>cannot</u> be 'perfection,' but it must meet the business needs of the University.  Standards are written at the 'meets performance standard' level, which earns a 3 rating.

| Performance Expectation | Performance Standard This expectation is met when: | Wt. | Rating | Score |
|---|---|---|---|---|
| 5. Answer employment, employee relation, compensation, classification, and related policy/procedure questions. | Questions are answered in a courteous, accurate, efficient manner with no more than 5-10 valid complaints per calendar year. | | | |
| 6. Monitor budget allocations. | Worked hours do not exceed budget and time restraints, not exceeding 2-4 valid errors per semester. | | | |

## Setting Weights

- Weights must add up to 100.
- If you want the expectations to be of equal weight, divide the number of expectations into 100 and put the result in the weight column.
- You may work with your employees to set weights and standards.

| Performance Expectation | Performance Standard This expectation is met when: | Wt. | Rating | Score |
|---|---|---|---|---|
| 5. Answer employment, employee relation, compensation, classification, and related policy/procedure questions. | Questions are answered in a courteous, accurate, efficient manner with no more than 5-10 valid complaints per calendar year. | 10 | | |
| 6. Monitor budget allocations. | Worked hours do not exceed budget and time restraints, not exceeding 2-4 valid errors per semester. | 10 | | |

## About Ratings

- Be Consistent.  Performance that rates a 4 or a 2 for one employee should be the same for everyone performing the same duties with the same level of performance .

- The impact of a major error can affect the rating. Document if the rating is not obvious.

- Don't rate an employee down for a problem that is out of the employee's control.

- If an employee rates very low, a plan should be created to address that deficit

| Performance Expectation | Performance Standard This expectation is met when: | Wt. | Rating | Score |
|---|---|---|---|---|
| 5.  Answer employment, employee relation, compensation, classification, and related policy/procedure questions. | Questions are answered in a courteous, accurate, efficient manner with no more than 5-10 valid complaints per calendar year. | 10 | 3 | |
| 6. Monitor budget allocations. | Worked hours do not exceed budget and time restraints, not exceeding 2-4 valid errors per semester. | 10 | 3 | |

| Performance Expectation | Performance Standard This expectation is met when: | Wt. | Rating | Score |
|---|---|---|---|---|
| 5.  Answer employment, employee relation, compensation, classification, and related policy/procedure questions. | Questions are answered in a courteous, accurate, efficient manner with no more than 5-10 valid complaints per calendar year. | 10 | 3 | 30 |
| 6. Monitor budget allocations. | Worked hours do not exceed budget and time restraints, not exceeding 2-4 valid errors per semester. | 10 | 3 | 30 |

## Speaking of scores, where does MERIT fit into all of this?

Scores may be used to determine merit, e.g. a score of X means an employee is minimally eligible for a merit raise. But it is up to you and your chain of command to decide how to use the score.

If you use the score to help decide merit, document what factors besides the appraisal score were considered and why merit decisions were made. This is especially true if you have an employee with a score of 425 who did not get a merit and an employee with a score of 350 who did!

## Employee Training & Development Plan

- A second part of the Performance Appraisal Form should reflect a summary of the employee's strengths and opportunities for improvement, including a plan for achieving the improvements.

- Discussion of these points may take place during the regular appraisal interview or within ten days of the interview.

## Preparation for the Performance Discussion

- Keep a weekly log of individual's performance.
  - Reduces chances of rating errors
  - Makes writing up an evaluation simpler
  - Gives support and back to the rating

- Preparation should not begin a week or two before discussion takes place.

- Allow sufficient time to write the evaluation.
  - Time to review and possibly revise

## Preparation for the Performance Discussion

- Setup an agreed upon time for the discussion convenient for both parties.

- Be Prepared!
  - Know what you are going to say
  - Decide some developmental opportunities before the interview

- Arrange the room in a way that it will encourage discussion.
  - Limit barriers between yourself and the employee
  - No phone calls or interruptions during interview.

## Performance Appraisal Discussion Steps

- Set the employee at ease:
  - Let the individual know the interview will be a two way process. Neither party should dominate the discussion

- Discuss each dimension separately
  - Get employees impression of themselves first.
  - Explain yourself and your position
  - If there is any problems, try together to determine the cause
  - This will help point out action plans to resolve those problems

## Performance Appraisal Discussion Steps

- Together setup action places to correct any problems
  - Be specific about the who, what, and when
  - Be sure to provide some kind of follow-up or report back

- Close the interview on an optimistic note.

## Communication Suggestions

- Do not control the interview
  - Make it two ways
  - Ask open-ended questions rather than submitting your own solutions

- Stress behaviors and results rather than personal traits
  - Say "I noticed that your weekly report has been one or two days late this last six weeks," rather than, "You tend to be a tardy, lazy person

## Communication Suggestions

- Show interest and concern

- Allow the employee to finish their sentences and thoughts.
  - This includes being receptive to the employee's ideas and suggestions.

- Be supportive - you've invested a lot in him or her.

- Set specific, not general, goals to be achieved

## "How can I avoid upsetting my employees with the appraisal process?"

Treat them consistently.

Keep good documentation.

Address performance problems when they occur. Don't wait until the interview to inform them. No surprises!

Be supportive. Remain objective. Don't play favorites.

Be prepared for the interview.

## Summary Guidelines For Appraisals

1. Appraisal standards are job related -- based on job analysis
2. Standards are clearly communicated to employees in advance
3. Standards are responsive to actual worker behavior or effort
4. Activities performed and results achieved are both appraised
5. Acceptable vs. unacceptable results can clearly be discerned
6. Appraisal criteria are consistently applied
7. Raters are able to consistently observe work performance
8. Raters are trained in appraisal and how to feedback results
9. Developmental feedback is separated from judgmental appraisal
10. An appeal process exists to resolve (judgmental) rating disputes

## QUESTIONS?

## Additional Resources

- hrcouncil.ca: http://hrcouncil.ca/resource-centre/home.cfm
- Cultural Human Resources Council: http://www.culturalhrc.ca/hrtools/
- Minnesota Council of Nonprofits: http://www.minnesotanonprofits.org/nonprofit-resources/management-hr/
- Free Management Library: http://managementhelp.org/employeeperformance