

Effective performance appraisal

A tricky issue facing most organisations is the carrying out of effective and fair performance appraisal. Far too often companies find that many employees are left grumbling about “unfairness” and bias.

While first accepting that there is probably no system which is close to perfect, let us look at some key criteria that an appraisal system must satisfy.

At a macro-level, the aim of the performance appraisal from the company's point of view cannot be to just determine increments or promotions. Yes, that is how it affects the individuals, but it cannot be the organisation's aim. The organisation's aim has to be to put in place a system that actually improves performance.

Let us now look at the specific criteria for the system.

The first step must be to understand clearly what is expected from each employee / position in the organisation. And this must be done well before appraisal time, even before the appraisal year starts, in fact.

For instance, if the job of the Corporate Communications manager is to ensure that all mass communication about the brands and about the company is effective and in cohesion, then these should be laid out as her primary performance appraisal criteria. Once the criteria are clearly laid out, they should be communicated to her in unambiguous fashion so that she knows what to work towards and how she is going to be evaluated.

It is useful if these goals can be quantified. For example, one goal for a brand manager could be that his brand must have at least X per cent awareness in the market

Making the goals quantitative in nature makes evaluation easier and less subjective; and therefore less susceptible to suspicions of “unfairness”.

However, it is not a good idea to get caught up in making all goals quantitative. It is a fact of life that not all things can be measured or quantified; for instance, courtesy. If a front desk's performance is to be evaluated on the level of courtesy shown to visitors, then this cannot be quantified very easily but certain pointers can be got from the number of complaints about discourtesy and general observations about the person's deportment, among others.

Such non-quantifiable measures will involve a certain amount of subjectivity.

Subjectivity need not automatically mean bias. There are steps that ensure that subjectivity does not degenerate to bias in the performance appraisal context.

One such step is periodicity. It is useful if some form of appraisal can be done every three months. This would tell the person whether he / she is going in the right direction, and what extra efforts / course correction are required to improve the performance.

Another crucial requirement is transparency. Too often, people are told something like “your performance has been good, but I wouldn't say excellent” and that they need to try harder. Such feedback is little better than useless as it offers no direction whatsoever to the individual. The individual needs to know what scores he / she is being given and why.

One of the main reasons why transparency is a casualty in most appraisals is that most managers are not comfortable giving negative feedback.

Maybe it is a cultural issue, but pointing out problems or giving negative feedback in a one-on-one face-to-face setting and in a calm matter-of-fact manner is not something most managers are comfortable doing. For that matter, most individuals are not comfortable receiving this either.

This can only be tackled through extensive counselling and this too needs to start well before appraisal time.

Employees also need to be counselled that the amount of increment given is dependent on the appraisal score, but is equally dependent on the company's financial performance and outlook. This again has to be handled with a certain degree of tact.

In many companies, such decisions are veiled in secrecy and there is talk of "normalisation" which no one really understands. Transparency is again crucial to dispel lingering doubts of bias.

Effective performance appraisal clearly needs a lot more than the few points outlined here, but attention given to these points will go a long way indeed.

(Contributed by Ashok R. Sankethi, CEO, Kaybase, a business consulting firm. Mail: ashok@kaybase.com)