Performance Management

Managing employee performance and development is one of the most important responsibilities of management within an organization. A number of key drivers for investing in managing performance and development include:

- The need to attract, retain, and develop the brightest and best talent available;
- The need to ensure employee performance, satisfaction, and retention;
- The need to build future business capabilities through planned employee development; and
- The need for a consistent and understandable performance management process across the whole organization.

The main purpose of a performance management program is to facilitate two-way communication between the employee and manager concerning the employer's business objectives and the development of the employee's competencies. Communication should occur informally throughout the year, but formal discussions and evaluations should be scheduled at fixed intervals each year (i.e. annually, semi-annual or quarterly).

Importance of Performance Evaluations

A performance evaluation is among the most important tools available to organizations, which benefit both the employee and the organization. The performance evaluation enables organizations to identify, evaluate, and assist in developing an employee's performance, and allows strong performers to maintain high levels of performance and to motivate poor performers to do better.

Performance evaluations are important because they:

- Give employees the opportunity to discuss performance and performance standards regularly;
- Provide management with a means to identifying strengths and weaknesses of an employee's performance;
- Provide a format that enables management to recommend a specific program designed to help the employee improve performance;
- Allow the company to meet its goals and objectives;
- Provide an objective measuring tool for the purposes of promotions and/or staff changes;
- Identify training needs; and
- Identify employees who have potential for advancement or might be better suited in other areas of the organization.

Legal Considerations and Avoiding Discrimination

Performance evaluations are used as one of the bases for human resources decisions and therefore organizations should be cognizant of the following:

- Performance evaluations must be job-related;
- Employees may be provided with a written copy of their job description in advance of evaluations; and
- Evaluations and business decisions should be based on fact rather than subjective criteria, such as "gut feelings", in order to avoid discrimination based on human rights.

a) *Human Rights Considerations*

Human rights legislation, which protects employees from discrimination in the workplace, is based on the principle that employment decisions should be based on the employee's ability to do the job rather than on factors unrelated to performance. The legislation provides for equal treatment without discrimination based on certain prohibited grounds which vary depending on jurisdiction. Accordingly reference to the following should be avoided during the performance evaluation process:

- Physical characteristics such as eye colour, hair, skin, height, weight;
- Birth place, nationality of ancestors, Canadian citizenship;
- The name and location of schools attended;
- The employee's sex;
- Pregnancy, childhood, or parental plans; and
- Disability, age, family status, or marital status

b) *Eliminating Evaluator Error*

All performance evaluation methods may allow for certain types of errors to occur where managers are not aware of subjective errors in the performance evaluation process. There are two types of errors which commonly occur: i) distributional, meaning they involve a group of ratings given to a number of employees and ii) temporal, which occur when the performance evaluation is biased depending on how performance information is selected, evaluated and organized by the evaluator over time. Examples of each are found below.

   i.   Distributional
  - a. Error of central tendency – all employees are rated about average, which is common when evaluators are reluctant to assign either extremely high or extremely low ratings
  - b. Leniency/Strictness errors – tendency to give employees either unusually high or unusually low ratings
  - c. Broad-brush/Generalization errors – tendency to give employees the same rating in each category and generalize ratings feedback

   ii.   Temporal
  - a. Recency error – evaluation is based largely on the employee's most recent behaviour rather than on behaviour throughout the performance evaluation period

b. Contrast error – evaluation is biased either upward or downward because of comparison with another employee just recently evaluated
c. Similar-to-Me error – ratings for an employee are inflated because of a mutual personal connection

Preparing for the Performance Evaluation Meeting

The performance evaluation meeting should be an open dialogue, and is designed to assist in the growth of the employee and the organization by ensuring that the entire workforce continues to learn and grow and to strive towards the next level of proficiency in the various aspects of their jobs, as well as identifying and developing future leaders with the purpose of succession planning.

In order to complete the performance evaluation, it is important to gather all relevant documentation from the previous review period including:

i. The employee's performance and development objectives from the prior evaluation period, if available;
ii. Notes kept during the review period, including any coaching files of negative and positive experiences with the employee; and
iii. Input from others, including clients, team members and others with whom the employee works.

The performance evaluation should be scheduled with the employee a week or two in advance of the actual meeting in order to allow the employee time to consider the employee's personal development.

Completing the Performance Evaluation Form

The performance evaluation form should be designed to evaluate the employee's accomplishments and contributions, and to provide the employee with feedback on how the employee has performed during the performance evaluation period.

Sample components of a performance evaluation form include:

i. *Section A – Major Contributions and Accomplishments*
    a. In this section, you should clearly list all of the employee's major contributions and accomplishments over the past three months, which might include:
        i. The completion of client projects
        ii. Internal assignments
        iii. Training courses attended
        iv. Increased proficiency in a particular skill or competency
ii. *Section B – Assessment: Performance*
    a. List the major areas of responsibility (based on the job description) during the review period, and comment on both the strengths demonstrated and required areas for development for each.
iii. Section C – Assessment: Competencies

    a. The competency framework is critical to the completion of this section and contains a description of the critical competencies required for success in each position

    b. You should indicate the competencies that are important to the organization based on the employee's position, together with the corresponding level of proficiency required and the level of proficiency achieved

iv. *Section D – Overall Comments*

    a. Taking into account the employee's contributions in terms of accomplishments and performance assessment, in this section, you should comment on the employee's overall performance

v. *Section E – Personal Development Plan*

    a. A component of the performance evaluation process is the creation of specific performance objectives jointly with the employee, which must be developed and defined and should be monitored against those standards throughout the year

    b. The individual performance objectives should be:

        i. Based on the position and current employee;

        ii. Reasonable, measurable and specific; and

        iii. Subject to change as the business and the position evolves.

    c. Objectives should start with an action verb, describe the intended result, set a definite quantitative target, and state the time by which the result is to be accomplished, also known as SMART

        i. Specific – the objective is to clearly describe the intended result, not the task, activity or process. Objectives should start with an action verb, describe the intended result, set a definitive quantitative target, and state the time by which the result is to be accomplished

        ii. Measurable – examples of measures include quantity, quality, profit, cost, productivity, resources, customer satisfaction, turnaround time, and many others.

        iii. Attainable – objectives should be challenging but achievable and within the employee's ability to control or significantly influence during the time period being evaluated

        iv. Relevant – individual objectives should support stated organization line of business/sector/function/team goals

        v. Timely – performance objectives are more effective if they are achieved within a defined time frame

    d. Once developed, the objectives may need to be modified throughout the time period during on-going coaching meetings, especially where new positions are created. In all cases, the performance objectives should accurately reflect the organization's values and be aligned with departmental and organizational goals

i. *Section E – Employee Comments*

    a. Encourage employees to provide thoughtful feedback in writing as to their perception of their evaluation as well as the personal development plan that has been mutually created

Conducting the Performance Evaluation Meeting

a. Select the major points you want to focus on during the discussion – these should relate to the employee's major responsibilities
b. Assemble specific examples of employee performance and/or behaviour to support your points
c. Consider whether the employee is aware of the consequences of his/her performance on the team
d. Identify areas of potential agreement and disagreement – consider how the employee may react to your perceptions, and how you will respond
e. Determine what you expect the employee to do with your feedback, and how you will communicate these expectations
f. Note any ideas or ways for the employee to improve performance or possible development experiences that you may want to suggest
g. Plan a positive ending to the discussion, with consensus on how to move ahead, and an expression of confidence in the employee's abilities
h. Suggested Mechanics for the Performance Discussion
  i. Set a mutually convenient date and time for the discussion, allowing at least one (1) hour for a comprehensive evaluation
  ii. Choose a comfortable and private place for the discussion – a conference room or other private room is suggested
  iii. Avoid interruptions such as phone calls, text messages, visitors, etc.
  iv. Plan for constructive dialogue, be prepared, listen, keep an open mind, and respond as well as guide and coach the employee
i. Suggested Techniques for an Effective Discussion
  i. Try to understand the employee's perspective before offering your own – paraphrase what the employee has said to ensure understanding
  ii. Be sure the feedback you are providing is related to the performance objective, competency, or knowledge/skill/ability you are evaluating and is substantiated by real life examples, not perception or hearsay
  iii. Ask open-ended questions
  iv. Don't share the identity of individuals who provided positive or negative feedback
  v. Don't be afraid of silence – allow the employee time to think about what you are presenting, to ask questions, and to respond
  vi. Acknowledge defensive or upset reactions – explore why the employee is feeling that way and, if necessary, provide more specific examples to enhance the acceptance of your feedback
  vii. Don't assume the employee will automatically change his/her view to agree with yours – offer alternative ways of looking at a situation and do not try to force your perceptions on the employee, but do not provide a reality check
  viii. Don't try to move forward if either you or the employee becomes agitated – acknowledge that you are uncomfortable with the emotional tone of the meeting, then end the session, seek counsel and advice from other managers or human resources, and reschedule
  ix. Assuming disagreements are discussed and resolved, express appreciation for the employee's contribution in the past year and turn from the past to the future

    x. Review the employee's proposed objectives and development plans – discuss and agree on any changes and/or training needs

    xi. Work to end the conversation on a positive note, expressing confidence in the future

The Review Process

To successfully complete the performance review process, all managers should follow the checklist:

    i. Review the employee's performance during the entire review period and complete the performance evaluation form – ensure you focus on the entire review period and not just recent events

    ii. Discuss the completed review form with your immediate manager for input, suggestions, and/or comments

    iii. Meet with human resources to review the form and to receive final approval on salary increase and bonus amounts although the communication of salary increases or bonuses can (and often should) be communicated in a follow-up meeting

    iv. Meet with the employee to conduct the performance evaluation discussion on the predetermined date

    v. Provide the employee with a copy of the completed evaluation form for their review and consideration

    vi. Meet with the employee a second time in order to obtain the employee's signature and/or to discuss their written comments

    vii. Manager to sign the review

    viii. Have next level supervisor sign the review

    ix. Provide a copy of signed review to the employee, and keep a copy for yourself

    x. Send the original review to human resources within one week of conducting the review

Ongoing Performance Feedback and Coaching

    a. You are primarily responsible for employee satisfaction, productivity, and retention which are critical to the success of the organization

    b. Throughout the year, you should provide performance feedback and coaching to employees

      xii. Feedback is recognizing the work an employee is doing, praising and affirming good efforts and positive results, or offering advice or help when improvement is needed

      xiii. Coaching is providing people with knowledge, tools and opportunities they need to develop themselves and become more effective, with the goals of:

        1. Solve problems on their own

        2. Take appropriate risks

        3. Make good decisions

        4. Tackle new challenges

www.e2rsolutions.com

5. Function effectively both independently and as part of a team
6. Take responsibility for their own continued learning and growth

c. Suggested Steps for Feedback and Coaching

xiv. Communicate one-on-one with the employee
xv. Offer first-hand feedback – direct observations of both effective and ineffective behaviour
xvi. Give feedback as soon as possible after the observed incident
xvii. Give feedback in private
xviii. Praise accomplishment and outstanding or newly acquired skills
xix. Encourage employees who face setbacks and barriers; help them find solutions but don't solve problems for them
xx. Foster an environment that supports trying new approaches – treat intelligent risks that fail as learning opportunities
xxi. Equip people to learn – how to extract the right lessons from their experiences, how to obtain information and feedback, how to find others who can help
xxii. Always recognize and reinforce improvement and progress

d. Other Suggestions and Considerations

xxiii. Coaching on a one-on-one basis should occur at least once a month, bearing in mind the following:
1. Use the performance evaluation form as a basis for the meeting
2. In particular, take this opportunity to review the objectives and training requirements as agreed to in the performance evaluation form
3. Keep notes of the meeting and follow-up with your employees where necessary to document any on-going discussions
4. Seek assistance from human resources if necessary
5. Always recognize and reinforce improvement and progress