



HR Best Practices
Performance Management



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Let's first focus on

- Performance Appraisal...



the foundation of Performance Management

Background to performance appraisal:

The word *appraisal* is well chosen from its Latin root meaning

‘to give value to’

...that is,

it is an active and positive process



Research into reasons why companies conduct appraisals (IPM Institute of Personnel Management) :

To review performance	98%
To set performance objectives	90%
To assess training needs	85%
To improve current practice	82%
To assist career planning decisions	75%
To assess future potential	71%
To assess pay increases	70%

The State of Performance Appraisal Today?

- We dread the ‘reports’
- We do them poorly, incompletely and without any enthusiasm
- We don’t do them at all!

Why do managers dread them?

- They are a heavy responsibility: ‘judges of man’
- They utilise complicated and redundant forms/systems.
- They lack confidence/training
- No feedback/follow-up is given and taken by the organisation
- Employees don’t like them

Problems with Performance Appraisal Ratings

- Central Tendency Error - the ‘average category’
- Strictness or Leniency Error - overly strict or lenient
- Halo Effect - assigning same rating to each factor
- Recency Error - focusing on most recent behaviour
- Personal Bias - likes/dislikes, racial, sexual bias

A change in attitude is called for:

- take them seriously
- learn to do them better
- give them the credibility they deserve
- make them relate directly to a person's career track
- emphasise coaching through feedback rather than criticism
- use the review for the development of individual

Performance Appraisal Approaches

If the employee is to be helped to develop the review interview is most important.

Maier (2014) identifies three general types of counselling...



Tell and Sell

The Manager communicates the evaluation and persuades the employee to improve.

The assumption, here, is that the employee desires to correct his weaknesses if he learns about them.

Success is most probable when the employee respects the appraiser.



Tell and Listen

The Manager communicates the evaluation and allows the employee to respond.

Here, it is assumed that the employee is more likely to change if defensive feelings are removed (rather than be told what to do).

The Manager needs to have skills in listening.

Here, the appraiser has the advantage of getting feedback from the ratee on how the job may be improved.



Problem Solving

The Manager abandons the role of judge and becomes a helper. He encourages ratee to discuss problems and find solutions.

Skill is required in listening, reflecting feelings, using exploratory questions and summarising opinions.

This style is most appropriate to results-orientated schemes.



The 'Performance Card'

- Start a Card/Log on each employee (for personal use) .
- After every formal review, jot down what you discussed, the employee's goals, strengths, gaps and other issues.
- The during the period of time before your next review, use the notebook as a journal. Record employee's successes, failures, training and overall performance.
- When review time comes again you'll have lots of documentation to support your discussion....achieving objectivity !



Give the Review:



time
thought
energy

- Managers need to change a uncomfortable task into a developmental tool.
- Many employees welcome performance review, provided it is organised efficiently and operated fairly.
- The very act of focusing attention on the individual employee in the review interview has positive motivation effects.

Evaluating Performance

- Start by outlining expectations – what the employee is expected to contribute to the organisation.
- Then look at the employee's success in fulfilling those requirements

...after that focus on these questions

Key Questions for Performance Evaluation

- What has the employee done well?
- What else is the employee likely to do well?
- What does he or she have to learn to get the full benefit from his or her skills?



Correcting Performance Issues

- You need **to frame the discussion right** when you address a performance issue or behaviour problem with an employee

...as the wrong approach will create misunderstandings and resentment.



How to Correct Performance Issues

- **Identify the issue – describe the problem in clear objective terms.**

“You’ve been rude to customers these last 2 weeks”

is easier to discuss than

“You have a bad attitude”



How to Correct Performance Issues

- **Turn the problem around. Present the issue in positive terms.**

Instead of...

“You’ve made 3 mistakes in your work”

say

“Let’s talk about how you can be more accurate in your documentation.”



How to Correct Performance Issues

- **Specify what needs to change**

“Be more polite to customers”

is too vague....use concrete examples

“When someone asks you a question, you should answer it promptly.”



How to Correct Performance Issues

- **Emphasise the benefits of change**
...for the employee and the organisation

“ When you cut down on your errors, people will know they can trust your work, and the information helps us all get more done.”

The APPRAISAL REVIEW

Best Practice Skills



Before the Interview – Key Points

- Prepare mentally
- Recall objectively positive/negative experiences...*the critical incidents*
- Study job description and last year's review report
- Check tasks achieved identify areas of weaknesses
- Give adequate notice
- Prepare interview plan
- Schedule a quiet hour and location for interview

Critical Incident Review (Positive and Negative)

- What was involved?
- Who was involved?
- How did the situation arise?
- What timing pressures were there?
- What was the outcome?
- Has the same thing recurred?

During the Interview: Key Points

- Opportunity to present views and ideas
- Recognition of tasks achieved/ideas put forward
- Involvement in problem analysis/goal setting

The Interview

- Welcome and set appraisee at ease, setting the scene
- Establish review objectives and process
- Give opportunity to present ideas/views
- Ask questions and listen attentively
- Recognise tasks achieved and ideas put forward
- Face up to problem areas
- Involve appraisee in problem analysis and goal setting
- Make revisions of draft rating as appropriate
- Be constructive and help to identify improvements and how to achieve them
- Prepare and agree action plan together

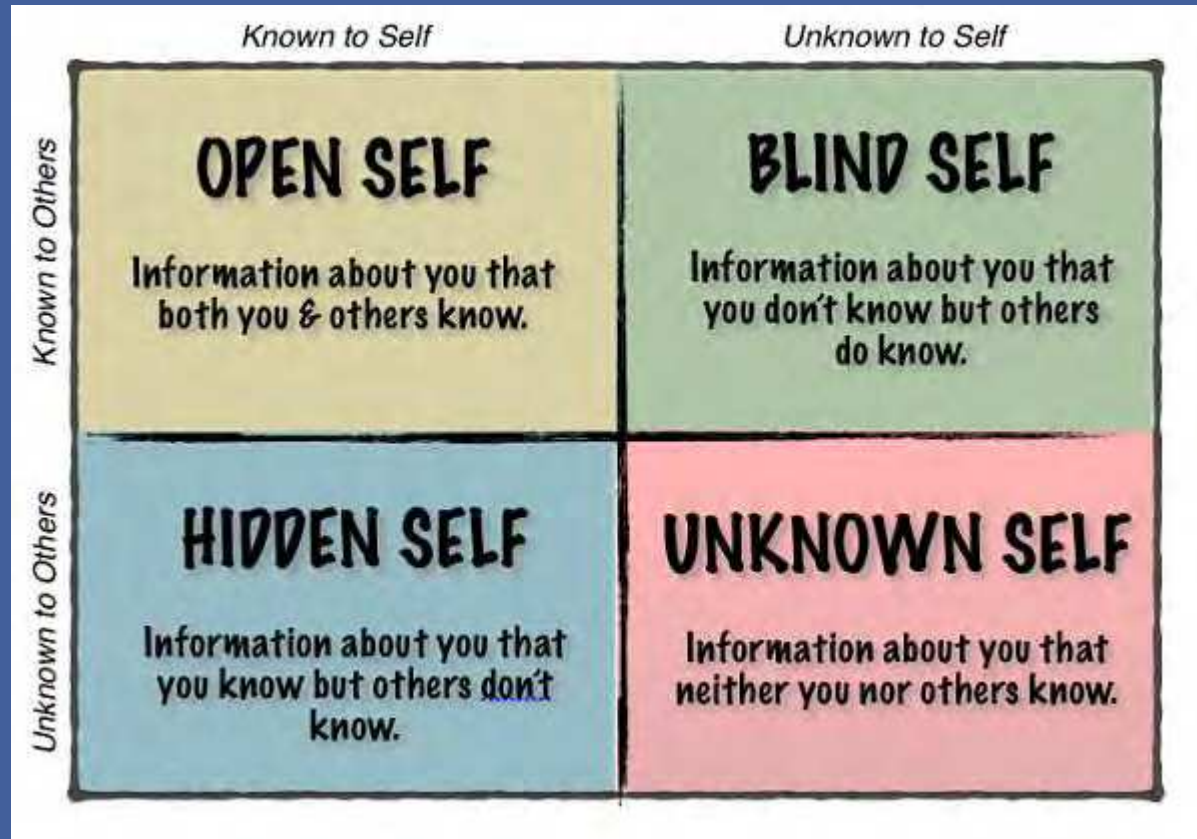
Structural Model of a 1 hour Appraisal Interview

Time sequence for 1 hour interview	Activity	Phase
10 - 15 mins	establish rapport; set purpose & agenda; stress benefits	nurturing
30 - 40 mins	identify achievements; strengths/ weaknesses; problems/ obstacles	energising
	objective setting; training needs; action plan	peak activity
10 - 15 mins	summary; check understanding; unfinished business	review

Stage	Skills Used	Help Appraisee
Nurturing	Relationship building, empathy, non-verbal supports, genuineness	Feel valued, be open, trusting, confident
Energising	Investigative skills, questioning, clarifying, probing, silence	Talk and analyse, consider options, take ownership
Peak Activity	Negotiating skills, proposing, building, summarising, action planning	Choose alternatives, diagnose needs, plan strategies
Review	Reflecting feelings, positive regard, closure skills	Disclose feelings, feel optimistic

Appraisees will approach the interview with a mix of self-images:

- abilities which both they and others recognise
- abilities they perceive themselves to have but others do not verify
- abilities others perceive them to have but they are not aware of
- weaknesses they know of and others perceive
- weaknesses they know of but are not perceived by others
- weaknesses perceived by others but not perceived or acknowledged by themselves



“...feedback will simply clarify those latter areas so as to allow the interviewee choice as to modification.”

Delivering feedback – Harvard Business Review Tips

- Feedback is problematic.
- Managers often dislike giving it and direct reports rarely get enough to change their behaviors. But feedback, both positive and negative, is an important tool for learning and career growth.
- Next time you have to talk with someone about their performance, follow these four steps:



- *Be specific.* Feedback needs to be actionable. Use concrete examples to back up your conclusions. Avoid generalized character attacks. Instead, describe the behavior.
- *State the impact.* Tell the person how his behavior is affecting you, the team, or the organization.
- *Prescribe.* Be specific about what needs to change. Often employees won't know what to change unless you tell them.
- *Do it often.* Get in the habit of praising good performance and identifying troublesome behavior.



DO's

- Be optimistic and positive
- Confirm understanding
- Listen to appraisee's point of view
- Get to the point of matter/s
- Use open questions
- Be forward looking
- Be assertive win/win
- Agree plan of action

DON'Ts

- Talk for more than 50% of time
- Interrupt interviewee or fidget
- Beat about the bush
- Be aggressive/sarcastic
- Use closed/leading questions



AVOID

recency effect

halo effect

permanent black marks

initial impression

leniency

excessive strictness

contrasting to high flyers

over praise

over criticism



After the Interview: Key Points

- Evidence that action agreed has been implemented
- Awareness of active reviewing by management
- Feedback mechanism

After the Interview

- If report is not drawn during the interview allow only short time before showing to appraisee to confirm review outcome
- Do not allow the report itself to become a basis for negotiating again
- Support appraisee by on-going monitoring and feedback
- Follow up any action agreed
- Ensure awareness of active reviewing
- Learn from the interview experience

'If we continue to measure our performance in the same old ways, we will continue to perform in the same old ways.'

(Wright)



Performance Management: A future orientation

While appraisal with respect of the previous year's performance is important...*Performance Management also focuses very much on the future:*

- by setting key accountabilities and priorities
- agreeing future objectives in each of these accountability areas
- agreeing measures and standards to be attained

Employee Performance Management

- Mainly, there are two types of employee performance management: qualitative and quantitative employee performance management.
- Qualitative employee performance management means that the employee should set a goal clear in his mind and have enough time (normally at least three months) to achieve it.
- On the other hand, quantitative employee performance management can be done by measuring work progress by measuring indicators such as elapsed time and the number of tasks completed towards an expected output or result.
- This depends on business objectives, industry specifics, work culture, available resources, etc.

Performance Management: Pros and Cons



Pros of employee performance management

- Employee engagement
- Higher employee motivation
- Enhanced ability to retain good employees
- Improved chance of controlling costs
- Increased transparency for managers
- Quick reaction to changes in the market environment
- More efficient planning and forecasting process when using employee performance management software



Cons of employee performance management

- Employee performance management can't provide 100% accurate results
- Employee performance management has a lot of limitations because employee performance and employee productivity can't be measured and monitored all the time (there can be many unexpected factors that influence employee performance)
- Employee performance management takes a lot of time and effort



Practical examples of performance management for businesses

- Performance management by employee suggests dividing all employees into groups according to skills needed to achieve the company's objectives.
- For example, employee performance management for marketing and sales department employees should be different from those in the IT sector because business objectives and work culture can be significantly different.

- Employee feedback is a good employee performance management example that helps improve the existing employee performance management process:
- you should ask your employees what could be done better or differently to increase employee performance.



- Goal-setting is one of the best employee performance management examples because it's closely related to both employee performance management software and employee performance management by an employee.
- Goal setting process can be done with the help of modern performance management software or using a manual method.



Goal Setting

or

HOW TO SET OBJECTIVES

- objectives define what you aim to achieve and by when
- they are not the activities you engage in but the results that you will deliver



THESE NEED TO BE:

S SPECIFIC
M MEASURABLE
A ACHIEVABLE
R REALISTIC
T TIME BOUND



Specific

- representing key tasks
- address a single topic and limited in number
- clear not vague



Measurable

- must be supported by tangible evidence
- indicating that a change has taken place
- not open to debate



Achievable

- And agreed to by both parties to enable more commitment to their achievement



Realistic

- can be achieved
- challenging yet within capabilities



Timely



- objectives must have specific time-frame for completion

“Count on what is countable; measure what is measurable; and what is not measurable, make measurable.”

(Galileo)



At the same time avoid..

- **Focusing only on the numbers.**

Numbers never tell you the full story. Enhance quantitative data with sophisticated, qualitative assessments that give you the human side of the story.



To elicit positive results from performance reviews (1)

- Distinguish tasks from results.

“Helping customers” is an activity

“Achieving a 90 per cent satisfaction rating” is a result

- So clarify results up front.

To elicit positive results from performance reviews (2)

- Define the performance standards you expect

How employees achieve those results is an important factor in reviewing performance.

Spell out standards regarding quality, quantity, deadlines.



To elicit positive results from performance reviews (3)

- Set firm goals.

Say explicitly what you'll be measuring

what unacceptable performance looks like;

what is acceptable (minimum level of performance)

and what superior performance looks like.



“Not everything that can be counted counts, and not everything that counts can be counted.”

Einstein



- 360-degree feedback is an employee performance management example that includes evaluating employee performance with the help of several managers (manager, subordinates, co-workers etc.).
- 360-degree feedback helps evaluate each employee more accurately since there are several opinions about employee performance.

Case Scenario

- Motivating the Unmotivated

7 Keys

Facilitating Effective On-the-Job Feedback





***Timely and Accurate Feedback
Is Critical to Achieving Business Goals***

1. Establish a feedback “contract”

- Participants first need to agree that the purpose of giving feedback is to improve performance.
- As obvious as this sounds, it is important that participants make an explicit commitment to this principle.
- They must be sincerely motivated to benefit the recipients of their feedback, not just to point out their mistakes, faults, or inadequacies.



2. Create a Climate of Trust

Participants need to have confidence that the process is beneficial.
Trust cannot be imposed or fabricated.

It is built gradually, through repeated experience that giving and receiving feedback is non-threatening and helpful.



3. Select an Appropriate Time

Feedback should be given as soon as possible after the behavior.

The only constraint on giving prompt feedback is that it should not interrupt, distract, or embarrass the recipient.

Timely feedback enables the recipient to learn from present experience rather than trying to link the feedback to past experiences.



4. Focus on behavior and its consequences

Feedback statements should describe objective facts about the person's behavior and its observable effects rather than express interpretations, speculations about motives, or assumptions about how others were affected.



5. Make relative recommendations, not judgments

Negative judgments—bad, wrong, weak, and so forth—trigger defensive reactions, which reduce learning. It is much more productive to use positive language to recommend doing more of some things and less of others.

Almost all behavioral change takes place incrementally over time.



6. Respect autonomy and accountability

People are most receptive to feedback that acknowledges they are responsible for their own actions, accountable for the consequences, and capable of making wise decisions.

To incorporate this point of view into their feedback, people need to share ideas and information, ask questions and explore alternatives, seek to understand causes and consequences.



7. Learn from the process

The goal of giving feedback is to help recipients learn new behaviors they can practice to be more effective in their work and relationships.

To facilitate behavioral learning, managers should describe behaviors as specifically as possible; ask clarifying questions about causes and consequences; and avoid belittling, discrediting, or punishing either the person receiving feedback or the one giving it.



Most people spend a great deal of time at work “flying blind.” They don’t receive the frequent, constructive feedback they need to stay on course.

As a result, small errors in judgment or chronic friction with co-workers can build up until a major course correction is necessary.

This may involve management intervention to recover from a costly business mistake, a painful performance review, or even termination of employment.



Creating a feedback-friendly culture and developing employee's skills at giving and receiving constructive feedback can take some time.

But the process can be jumpstarted with the right skill training and appropriate leadership approach !



Make Performance Feedback Palatable to Employees

- Do you err on the side of caution when evaluating employees' performance, to avoid causing offense?
- If so, you're missing opportunities to help subordinates improve.
- To deliver feedback that effects real change, frame it in *palatable* terms.



How?

- First deliver the good news: the employee's recent accomplishments, goals moving forward, a plan for achieving those goals.
- Then address performance problems. Couch your criticism in terms of the shared greater good, rather than delivering a personal indictment.
- For example, don't say, *"I want you to stop engaging in turf battles with your counterparts in other groups."*
- Instead, say, *"I want you and your counterparts to commit to making cross-functional collaboration a priority."*



COACHING through FEEDBACK



Coaching

... is about helping employees achieve their full potential,

so your organisation can realise the full value of its investment in recruiting and training them.



Coaching

- Observe employees performance
- Identify skill deficiencies in employees
- Listen to people
- Communicate all the time
- Fill in the gaps, one step at a time



Give constant feedback

- Positive and negative feedback are both important.
- Treat mistakes and poor performance as opportunities and use praise to motivate your employees.
- Show employees that you have confidence in their ability to do their jobs.



Coaching...*through feedback*

Become a developer of people

provide coaching sessions as appropriate...

- to assess what has been done
- to adjust to different needs or situations as they arise
- to agree action on what needs to be done

GIVING FEEDBACK

“giving feedback is at the heart of coaching and mentoring”

- the essence of all successful appraisal is that most difficult of skills - feedback
- the appraiser as well as the appraisee must be open to receiving constructive critical feedback
- the atmosphere is more crucial than the mechanics

The Feedback Itself

use the

Club sandwich approach:

commend

recommend

commend



The Feedback Itself

- **Be specific - provide evidence of any general conclusions by referring to actual events**
- **The amount of feedback should be limited to two or three issues at a time...don't overload workers.**
- **Be constructive - if faults need to be discussed, concentrate on the lessons to be learned and on improvements**
- **Encourage employee to examine and assess own performance**
- **Be prepared to change your own approach and views**

Also...

- Be Proactive

Don't wait for employees to ask for guidance. More important, don't wait for them to make a mistake. Give them feedback on what they're doing well, not just what they need to improve.



Necessary Conditions in the Receiver of Feedback:

- a positive self image
- receptivity to the possibility of change
- a generally supportive atmosphere
- credibility ascribed to the person giving the feedback
- limitation of the quantity of feedback at any one time

“The art of giving feedback is to increase the area of shared perceptions in such a way as to strengthen abilities and to facilitate change in those areas of weakness where behaviour can be modified, in a way which is acceptable to the person concerned...”

6 brands and their performance management strategies and examples

- Top brands all around the world use employee performance management examples like employee feedback, employee recognition and goal-setting to develop their business strategies.
- Here are some employee performance management examples that top brands around the world use:



- **Video games industry:** Top brands in this industry create employee performance management examples by focusing on employee appreciation and setting employee goals.
- For example, **Valve Corporation** is a well-known software company that released an employee performance management tool called “Kudos” that lets employees recognize each other.
- Besides employee performance management examples like goal setting and employee recognition, Valve Corporation uses employee feedback such as employee performance management.



- **Airbnb** employee performance management software (which can be found on BetterManager) is employee feedback/review that has employee performance management by employee feature.
- **Facebook** employee performance management software helps managers to provide employee feedback/review and employee goal setting; employee performance management example also includes employee coaching.



- **LinkedIn** performance management metrics include employee goal setting, where employees set their long and short-term targets.
- They are further evaluated on how successful they were in meeting those targets. Also, this employee performance management example includes 360-degree feedback as well as employee recognition.



- **Microsoft's** employee performance management strategy is employee goal-setting, where employee's progress toward their goals is constantly monitored.
- This employee performance management example focuses on contributing to business growth as well as personal development of employees.
- It also makes a linkage to the Balanced Scorecard.



- **IBM** employee performance management software is an employee feedback/review application (360-degree feedback) that allows employees to provide managers with employee feedback and make necessary improvements.
- This employee performance management example also includes goal-setting application.



