

**Performance Management
GUIDEBOOK**

www.sbmc.co.in

www.shreebalajieducation.com

www.shreebalajieducation.com

CONTENTS

	Page
1 Why Performance Appraisals	3
1.1 Definition	3
1.2 Aims	3
2 Schedule for Performance Appraisals	5
3 Conducting the Performance Appraisal	6
4 Common Rating Errors	4
5 Using the Appraisal Form	9
5.1 Elements of the Appraisal Form	9
5.2 Completing the Appraisal	9
6 Writing Performance Targets/Goals	13
6.1 Objectives of Writing Performance Targets and Goals	13
6.2 Steps in Writing Performance Targets and Goals	13
6.3 Checklist	14
6.4 Examples of targets and goals	15

www.shreebalajieducation.com

1. Why Performance Appraisal

1.1 Definition

The performance appraisal is part of a larger system known as the performance management system. This system is the approach to the management of people using **performance, planned goals and objectives, measurement, feedback and recognition** to motivate people to realise their maximum potential. Performance appraisal involves the setting of clear quantifiable goals and objectives and assessing individual performance against these measures.

1.2 Aims

Performance appraisals are a way to give feedback to staff regarding their performance. The appraisal can be used to encourage good work as well as point out opportunities for improvement. Appraisals can also be used to set measurable targets and objectives to continually spur performance improvement.

Increasing Role Clarity

Performance appraisal is a tool for communicating the skills, knowledge and attitudes required for the different job roles. The appraisal criteria acts as a guide to the attitudes and behaviours that XYZ COMPANY would like their staff in their various capacities to have.

Training and Development

Performance appraisals measure an individual's performance and can identify opportunities for improvement or learning through training.

Compensation and Reward

As XYZ COMPANY bonuses and annual increments are linked to performance, a system for measuring performance in an equitable way is necessary. The performance appraisal encourages the use of objective, quantifiable criteria to measure performance which will be known to all staff. This system improves fair judgement and the perception of equity among staff.

Career Planning

Performance appraisals will allow XYZ COMPANY to assess the skill set of their existing staff to ascertain the career path for each individual.

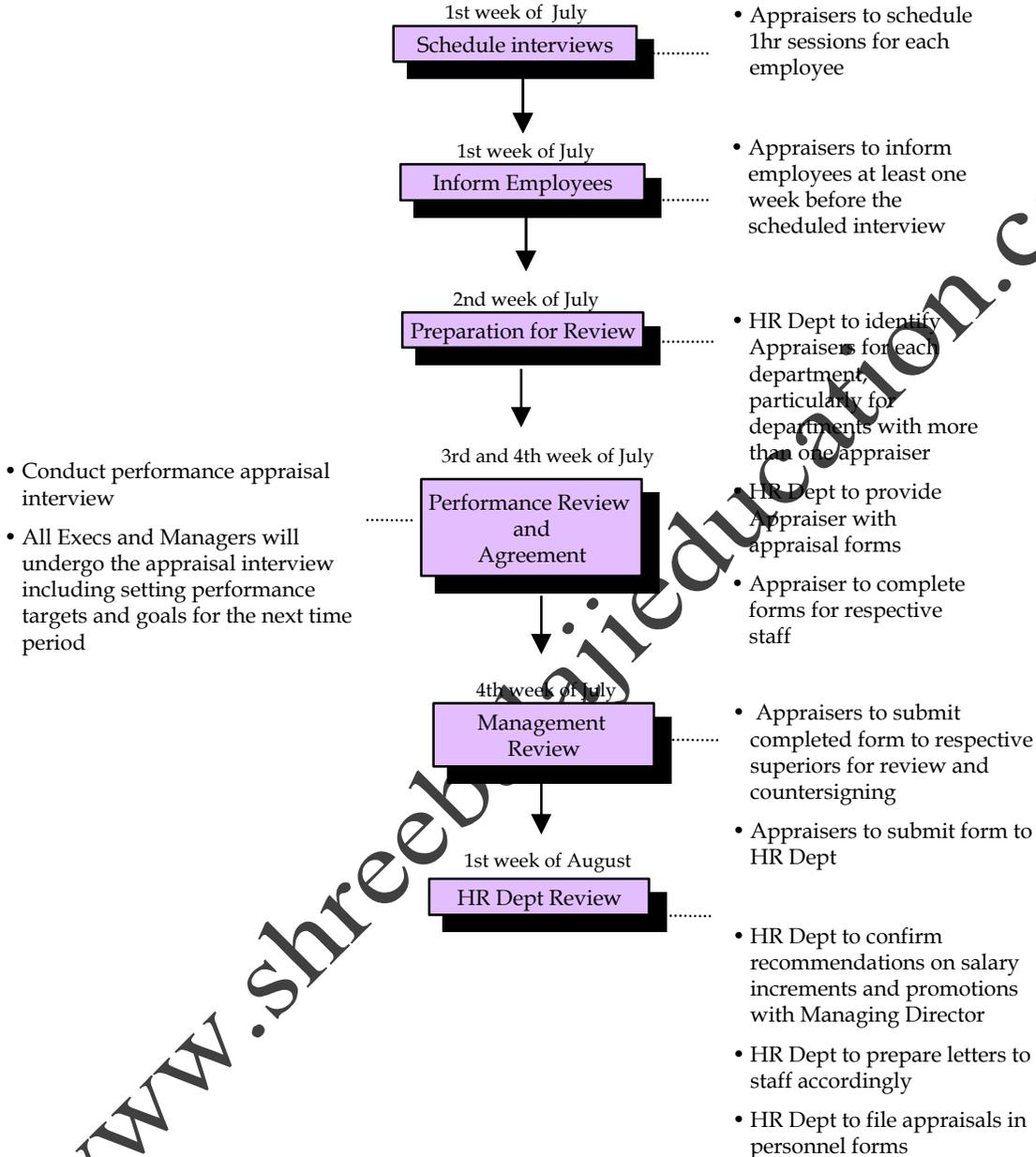
Enhance Corporate Values

XYZ COMPANY's corporate value is the pursuit of innovative quality in the areas of **Customers, Employees, Society, Products, Technology, Management** and **Fairness**. These values are translated to performance measures that are used in the appraisal. This enhances awareness of corporate values and promotes behaviours that are in line with XYZ COMPANY's values.

www.shreebalajieducation.com

2. Schedule for Performance Appraisals

STAGES OF THE PERFORMANCE MANAGEMENT SYSTEM



3. Conducting the Performance Appraisal

BEFORE THE APPRAISAL	Keep good records	Both praise and criticism are most meaningful when supported by factual examples
	Review previous goals	Use previous goals to evaluate progress
	Get input from others	Seek feedback from others who work with the appraisee in areas they will have objective knowledge of and get examples where available
	Prepare carefully	Prepare in advance so that you can deliver the message that you intend to
	Prepare administrative details	<ul style="list-style-type: none"> • agree on a time - set aside at least one hour. Avoid postponing the appointment, and give the employee full attention. • select a location - office or conference room is best. • ask employee to prepare - ask the employee to review his/her goals, and come prepared with questions.

DURING THE APPRAISAL	Explain the meeting agenda	Outline what is about to happen for the session
	Encourage communication	<ul style="list-style-type: none"> • listen • encourage two-way communication • ask for ideas on how they can improve their performance • ask for how they feel you can help them • ask for feedback on the appraisal section
	Stay focused	Keep the session focussed on past and future performance, summarise discussion issues often to ensure agreement
	Communicating shortcomings	The employee expects and should know what he/she needs to improve
	Be open	Be versatile and open-minded if you hear things that cause you to change your opinion

DURING THE APPRAISAL	Evaluation process	<ul style="list-style-type: none"> • Begin with the positive things that were well done • Follow this with areas that need improvement and a plan on how to address them • Conclude with a reinforcement of your desire to help the person grow and improve
	Making promises	Don't make promises you do not have control over (e.g. salary increments, promotions, transfers etc)
	Review goals	Concentrate on a few areas- things that make a difference. Try to encourage continuation and growth in the areas of strength. Set up "smart" goals that will build strength in areas needing attention

AFTER THE APPRAISAL	Administration	<ul style="list-style-type: none"> • Complete the paperwork required for the results of the appraisal • Make sure the appraisee signs on the bottom line • Mark the calendar on when your next appraisal session with the person will be
	Follow-up	Follow-up on agreements made during the appraisal
	Learning	Review what you have learnt about the employee, your records and systems, yourself, the appraisal process and your management style

www.shreebajajeducation.com

4. Common Rating Errors

Whilst completing the appraisal form, the appraiser is advised to exercise caution, as there may be several pitfalls which may skew the assessment:

Halo Effect

A person outstanding in one area tends to receive outstanding or better than average ratings in other areas as well, even when such a rating is undeserved

Negative Effect

A low rating in one area yields lower than deserved ratings for other accomplishments

Central Tendency

Assigning an average rating for all qualities

Confrontation Avoidance

Discomfort with giving negative feedback

Initial Performance

Rating an employee based solely on initial impressions of performance

Recency

Rating an employee based solely on most recent performance which overshadows the entire year's performance

www.shreebalajieducation.com

5. Using the Appraisal Form

5.1 Elements of the Appraisal Form

The appraisal form covers the following key areas:

- Assessment of performance
- Employee's growth and development - strengths and areas for improvement
- Training requirements
- Achievements
- Goals and targets (for managers and executives)
- Review with staff (for managers and executives)
- Recommendations
- Management review- Review by Countersigning Authority

5.2 Completing the Appraisal Form

5.2.1 Key Performance Indicators

Core Values	Manager	Executive	Staff
Customers	<i>Customer Focus</i> <ul style="list-style-type: none"> • Maintains high priority in achieving customer satisfaction (both internal and external customers) by quickly and accurately identifying and responding to customers actual needs • Is effective in dealing and negotiating with internal and external customers 		
Employees	<i>Staff Training and Welfare</i> <ul style="list-style-type: none"> • Actively provides guidance and helps staff in their career development 		
	<i>Interpersonal/ Facilitation of Teamwork</i> <ul style="list-style-type: none"> • Promotes and develops good working relationships with other staff <i>Communication Skill</i> <ul style="list-style-type: none"> • Speaks, listens and writes clearly and logically to share information and skills 		
Society	<i>Cost Consciousness</i> <ul style="list-style-type: none"> • Demonstrates concern for the society through practices that save company's resources and reduce wastage 		

Core Values	Manager	Executive	Staff
Products and Services	<i>Job Knowledge/ Technical Skills</i> <ul style="list-style-type: none"> • Demonstrates good knowledge and skill in job area 		
	<i>Work Attitude</i> <ul style="list-style-type: none"> • Displays commitment, planning and organisational skill, initiative and a sense of urgency toward work and a willingness to learn 		
	<i>Quality Mindset</i> <ul style="list-style-type: none"> • Maintains high standards for how work is done in terms of accuracy and consistency 		
	<i>Safety</i> <ul style="list-style-type: none"> • Ensures careful work habits that comply with the safety requirements 		
			<i>Quantity of Work</i> <ul style="list-style-type: none"> • Ability to handle a reasonable volume of work
Technology	<i>Process Improvement</i> <ul style="list-style-type: none"> • Recognises the need for continuous improvement 		
Management (to be completed for appraisees with supervisory duties)	<i>Problem Solving</i> <ul style="list-style-type: none"> • Identifies issues and problems, secures relevant information from different sources and resolves problems effectively 		
	<i>Leadership/ Supervision & Motivation of Staff</i> <ul style="list-style-type: none"> • Sets a good example for subordinates and effectively controls and leads them 		
	<i>Goal Orientation</i> <ul style="list-style-type: none"> • Sets realistic challenges and acts to achieve them 		
	<i>Decision Making</i> <ul style="list-style-type: none"> • Takes the right action at the right time 		
Fairness	<i>Integrity</i> <ul style="list-style-type: none"> • Acts ethically and honestly in line with the company's code of conduct 		
	<i>Dependability / Responsibility</i> <ul style="list-style-type: none"> • Is reliable in the discharging of duties and is willing and adaptable in taking on new responsibilities 		
		<i>Attendance/Punctuality</i> <ul style="list-style-type: none"> • Has good attendance and is punctual 	

5.2.2 Evaluation

(a) Total Evaluation

The final score is the average score, calculated as follows

$$\frac{\text{Total Scores} \times 100 \%}{\text{Number of Questions Answered} \times 5}$$

(b) Gradings

The appraisee is then graded according to the level of his/her performance in each category according to the final score:

Outstanding

Performance is exceptional and far exceeds expectations. Consistently demonstrates excellent standards in all job requirements.

Very Good

Performance is consistent, and exceeds expectations in all situations.

Good

Performance is consistent. Clearly meets essential requirements of job.

Fair

Performance is satisfactory. Meets requirements of the job.

Needs Improvement

Performance is inconsistent. Meets requirements of the job occasionally. Supervision and training is required for most problem areas.

Unsatisfactory

Performance does not meet the minimum requirements of the job.

Growth and Development

In this section, describe how the appraisee demonstrates their strengths and areas for improvement by providing specific examples.

Specific action plans can also be developed together with the appraisee (for Executives and Managers) to address these areas. In particular, training requirements can be identified for the areas that can be enhanced or developed through training. Training requirements refer to the skill set required by the employee to either successfully fulfil current job responsibilities or to prepare the employee for greater responsibility.

Achievement

This section allows any additional responsibilities outside of the appraisee's job scope (e.g. ISO 9002 Steering Committee) to be acknowledged.

Goals Achievement

Appraisals for Executives and Managers, contain a section for goal setting and goal achievement assessment. Goals are specific and measurable objectives that the individual wishes to achieve by the end of the following appraisal period.

Recommendations

The appraiser provides **recommendations** for the career development for the employee. These may include: confirmation, extension of probation, promotion, increments, termination, etc.

Review by Director

The Managing Director will provide comments prior to filing with the Administration Department.

6. Writing Performance Targets and Goals (Managers and Executives only)

6.1 Objectives of Writing Performance Targets and Goals

- Specific and measurable targets and goals define what is expected from a job holder
- The performance targets and goals serve as standards by which performance can be accurately measured

6.2 Steps in Writing Performance Targets and Goals

		<u>Examples</u>
Step 1	Begin by writing down the basic nature of the task using only a verb and a noun	<ul style="list-style-type: none">• Source new clients• Increase sales volume• Reduce rejection rates Complete planning phase
Step 2	Include the quantity or quality that must be met by the person responsible for the task	<ul style="list-style-type: none">• Source X number of qualified clients within Y months• Increase sales volume by X% by June• Reduce rejection rates by 5% by the end of the year• Complete the planning phase by 30 October
Step 3	If necessary, add any procedures or criteria that describe the action to be taken to achieve the target or goal	<ul style="list-style-type: none">• Source X number of qualified clients within Y months by actively advertising services to potential clients within the electronics industry
Step 4	Review and refine the target or goal if necessary	

6.3 Checklist

“SMART” Performance Goals:

Specific

Measurable

Achievable

Results-oriented

Time-bound

To ensure that the objectives are properly defined, each of the following questions must be answered positively:-

- (i) Does the statement of performance targets/ goals limit the results to one specific area?
- (ii) Are the results well defined in terms of what is expected of the job holder?
- (iii) Are the objectives measurable and observable? Were objectives quantified whenever possible?
- (iv) Was a time frame specified?
- (v) Are the performance targets/ goals reasonable and within the reach of the job holder?

www.shreebalajieducation.com

6.4 Example of Performance Targets

<u>Position</u>	<u>Performance Targets/Goals</u>
Sales Manager	Increase share of market of Product J from 15% to 20% by December 31.
Warehouse Supervisor	Reduce accident rate by 10% . Reduce response time to internal customers by 10%.
Human Resource Manager	Decrease turnover of clerical employees from 20% to 15% by Dec 31 Complete planning and installation of supervisory training programme.

www.shreebalajieducation.com