

Are Performance Reviews Effective?



SUMMARY

Performance reviews are the last thing on a managers mind, however they are a essential and important responsibility. Many ask if performance reviews are important or effective. After reading, you will find out why performance reviews are important and why they are effective for organizations.

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Introduction

Why should we conduct performance reviews? Are they effective or important? The answer is YES! Performance Reviews are an important, if not essential, managerial responsibility. If reviews are done properly, performance reviews are a very effective tool to improve performance and productivity and for developing employees.

There are many reasons why performance reviews are not as effective as they could be. The first is that many organizations do not have clearly established corporate objectives for undertaking performance reviews. Many managers, particularly in large organizations, routinely complete the required forms which are then filed and the subject is not mentioned again until the next review period, which is usually a year later. Another problem organizations will have is the process of performance reviews lack credibility. This is done by failure of management to spell out clearly what aspects of the job are to be evaluated and to define the standards against which performance is to be measured. Basically, it is unfair to appraise performance if it's not made clear to employees at the start of the reporting period what aspects of the job will be rated and what standards will be used to measure performance. Lack of clearly defined measurements can lead to intellectual dishonesty in the evaluation, unfair ratings and loss of credibility of management and the appraisal process. As a consequence the value of the appraisal exercise is forfeited.

Benefits

Performance Appraisal is defined as, "Process of determining and communicating to an employee how he or she is performing on the job and, ideally, establishing a plan of improvement". One of the most common uses of performance appraisals is for making administrative decisions relating to promotions, firings, layoffs and merit pay increases. Performance reviews should be a positive experience and contribute to the overall welfare of the organization. Performance reviews help individuals to do better, raise self-esteem and motivation.

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Performance reviews is not a process to be avoided; rather it should be implemented in all organizations and promoted as a key management activity.

The benefits to be realized from a proper evaluation system far outweigh the time and effort required to develop, implement and maintain the process.

A concern in organizations is how often to conduct performance reviews. There seems to be no real consensus on how frequently performance reviews should be done, but in general the answer is as often as necessary to let employees know what kind of job they are doing and, if performance is not satisfactory, the measures that must be taken for improvement. For many employees, this cannot be accomplished through one annual performance appraisal.

Therefore, it is recommended that for most employees, informal performance reviews be conducted two or three times a year in addition to an annual formal performance review. Individuals have a strong need to know how they are doing and where they stand in the eyes of their supervisor.

Remember, that regular discussions of performance should occur on an on-going basis and be seen as an opportunity for useful communication between the individual who assigns work and those performing it. Performance reviews are used as a means to communicate to employees how they are doing and suggesting needed changes in behavior, attitude, skills, or knowledge. A completed performance review should include a plan outlining specific training and development needs.

Conclusion

Communicating performance reviews in an interview is an essential part of the process. Anyone who directs the activities of others should be capable of conducting an effective performance review meeting. An appraisal interview should not be adversarial nor meaningless chit chat. It should be approached by managers and subordinates as an opportunity for a serious discussion about present performance and future goals.

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To be effective, there should be clear objectives for doing performance reviews and everyone in the organization should understand why it is being done.

Performance reviews, as a process, will fail if it is not linked to a common philosophy of good personnel management and its purpose is not clear.

The key player in establishing the credibility of the process is the CEO who must not only promote it as a corporate objective but must conscientiously evaluate the performance of those individuals who report to him or her. If the CEO is not a role model in this respect, the whole process is doomed to failure.

The key elements of an effective performance review are:

1. Clearly defined performance standards.
2. An effective monitoring system.
3. Regular discussions of performance.
4. Development of appropriate action plans as a consequence of the appraisal.

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Sources: Gordan L. Simpson, Lloyd L. Byers, PH.D, Leslie W. Rue, PH.D

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