Performance appraisals are documents managers love to hate and HR professionals love to have. When done right, performance appraisals can be highly useful. But when done wrong they can demoralize employees, frustrate managers and expose an organization to legal risk.


"Organizations that take employees for granted may not have them when the economy bounces back," he said. That's why it's so important to let employees know when they are meeting expectations.

But instead of seeing the performance appraisal as a valuable communication and recognition tool, many organizations view it as a necessary evil, a paperwork exercise designed to keep the organization out of court.

Segal said that's the wrong approach. "The goal is not to create a record that will withstand attack," he added. "The goal of the appraisal process is to help the employee improve so they won't need to attack."

And that means focusing on the bad and the good.

"Too often we spend about 85 percent of our time focusing on the 15 percent that don't meet expectations and not enough time giving appropriate praise and appreciation for those who do," Segal said during the webcast. For example, he said, managers might schedule more time for performance appraisal meetings with problem employees and less time with good employees and therefore miss an opportunity to help good employees become even better.

"Even your best workers can be better, and if you don't give them the guidance that they deserve then they and you won't reach your full potential," he said.

There are plenty of payoffs for employers when performance management works as it should. For example, Segal said, performance appraisals can help employers:

- **Stimulate individual and collective productivity.** "You are telling people where they need to grow, and you are focusing people in areas of concern," he said.
- **Shape organization culture and values.** "If you have a statement of values and none of those values are reflected in [performance] criteria, then there's obviously a disconnect between what you say you value and what you measure." For example, if attracting and retaining diversity is a critical value, that should be on evaluations for managers.
- **Reward excellent performance.** "Those who do well like to hear it," he said. "And if they don't hear it from you, they may hear it from a competitor who will tell them
how wonderful they are."

- **Provide notice to employees who need improvement or development.** "Sometimes there is a deficiency in performance and they need to improve," Segal explained. "Sometimes they are doing fine, but if they want to advance they need to develop."

- **Identify a baseline for employment decisions.** "If you are looking to promote someone and there are three internal candidates and all three have superb evaluations, then the evaluations are not going to provide a basis to distinguish among them," he said.

**Mistakes to Avoid**

Segal provided participants with a long list of the most common appraisal mistakes "that happen more than occasionally," in his experience. Among the most notable are:

**Late evaluations.** According to Segal, failure to deliver a performance appraisal in a timely fashion can leave employees feeling slighted, devalued or with the impression that a double standard exists, particularly in cases where organizations discipline employees routinely for attendance issues or missed deadlines. Moreover, a delay can create a "window of opportunity for a pre-emptive legal strike," he said, if an employee’s anxiety about the delay leads him or her to consult a therapist—or a lawyer—for guidance. That's why he suggested that employers "evaluate supervisors not only on the quality of their appraisals but also on their timeliness," adding that one employer he knows of won't give managers raises if their appraisals are late.

**Over-evaluation.** Rating employees higher than is warranted gives failing employees a false sense of security, Segal noted, and it devalues the excellent performance by others, particularly in situations where performance-based pay is allocated from a shared pool of funds. He suggested that managers think about what it means for employees simply to meet the expectations of their job and consider whether a particular employee's rating should be higher or lower than that level for each criterion measured.

He said another way to keep ratings at an appropriate level is to build a comparative question into the appraisal instrument to force managers to consider employee performance relative to their peers. Managers can take the comparison process one step further, he said, by making a chart listing all employees and their ratings for each performance criterion, before completing final forms, as a way of reflecting more carefully on each employee's performance against expectations.

**Using labels instead of describing behaviors.** Phrases like "has a bad attitude" or "exercises poor judgment" are too vague and subjective, Segal said, leaving an employer vulnerable to legal attack. He suggested that managers take the time to write down exactly what the employee said or did, or what the employee didn’t say or do, instead of using such phrases.

**Focusing on intent or effort as opposed to results.** Managers sometimes believe that employees “didn’t try” or “don’t care,” Segal said, “when they don’t produce what we think they can or should.” But he said such a perception, which usually can’t be proven, might be perceived by an employee as a personal attack. “As a general proposition, focus on the outcome, not the intent,” he said. “Whether they try or not is mostly irrelevant.”

**Extremes.** Managers should avoid words like “never” and “always,” according to Segal, and they should guard against biases such as the “halo effect,” in which an employee is perceived as perfect in all respects, or the “horn effect,” in which an employee can do no
right. After all, if an appraisal is too harsh it can debilitating the employee, he said, while one that is too lenient might deprive the employee of an opportunity for growth.

Inconsistencies. When written comments don't match numerical rankings or employees are subject to different standards of behavior, a manager might be guilty of inconsistency. Since inconsistency can lead to discrimination claims, Segal suggested that managers complete the comments portion of an appraisal before choosing numerical rankings.

Stereotyping. Appraisal forms should be free of criticisms that sound like stereotypes, Segal noted, such as saying that an employee is "too emotional," which might seem like a proxy for gender bias, or "too rigid to change," which might seem like a proxy for age bias. Instead, managers should include specific examples that demonstrate an employee's emotional or rigid behavior.

Segal said managers should avoid other common mistakes such as letting performance issues from a prior evaluation period color a new evaluation, placing too much emphasis on recent performance, and focusing on possible causes of poor performance, such as disability or caregiver responsibilities, instead of the performance itself.

And, of course, a performance appraisal should be free of references to family, medical and military leave, as well as protected employee complaints such as sexual harassment.

HR’s Role

HR professionals play a key role in ensuring that performance appraisals are accurate and fair, including training managers and designing the performance management process. When designing an appraisal instrument, for example, Segal said, HR professionals can add a question that asks managers to assess any changes in an employee's performance compared to the previous evaluation period.

Segal suggested that HR send the form out at midyear even if an employer does not conduct formal midyear reviews so the manager can give an employee notice of any decline in performance and give her or him a chance to correct it, long before the annual review rolls around. "If someone has a substantial decline in their performance during the evaluation period, then the employee should not learn of that for the first time one year later," he said. "Waiting until the end of the year and dropping the bomb on the employee is both unfair and unwise for HR and legal reasons."

At the same time, managers should be reminded to praise employees for any improvements made since the last review.

Managers should be encouraged to engage in two-way dialogue during the performance appraisal discussion, Segal said. "It's a wonderful opportunity to talk to the employee about what they are doing right, what they are doing wrong, what obstacles they see and how you can help them."

And Segal said managers should be trained to focus on the outcomes of employee efforts, rather than the methods they use to get there (unless the methods are unethical or disruptive, he noted). "Part of diversity is recognizing differences in style," he said, such as problem solving and communication styles.

"One of the most critical roles I find HR needs to play is to not accept an evaluation at face value but to push a manager to provide specific examples," he said. "If a manager
cannot provide good examples in the comfort of your office, they won’t do so good in a deposition.”

When a webcast participant asked Segal if HR should review all performance appraisals prior to employee meetings, he said, "In an ideal world, yes." But he noted that such an ideal might be difficult to achieve. As an alternative, he suggested that HR set parameters as to when a form must be reviewed, such as when an employee’s rating is increased or lowered compared to a previous period, when an employee has filed a complaint, or when a manager is completing an appraisal for the first time. "Not reviewing them is dangerous; reviewing all of them may not be practical," he said. "Go for middle ground."

When Performance Leads to Discipline

Segal said it’s important to ensure that an organization’s discipline process is consistent with the performance appraisal. "We shouldn’t have a tale of two cities in which the discipline process and the appraisal are separate and distinct and, in fact, at war with each other.

"Of course we’ve got to be truthful in terms of what we expect of employees and the reasons for our adverse actions," he said. "In many organizations what was good enough yesterday isn’t good enough for today and what’s good enough for today won’t be good enough for tomorrow."

Managers shouldn’t wait until a performance appraisal to tell employees that performance expectations have changed, however. "We are raising the bar consistently and constantly, and when we do so we need to be sure we are letting employees know that," he said.

"Treating employees with dignity and respect is a critical component of any performance management system," Segal noted. "Even if an employee doesn’t deserve continued employment."

Rebecca R. Hastings, SPHR, is an online editor/manager for SHRM.

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Society for Human Resource Management

1800 Duke Street
Alexandria, Virginia
22314 USA

Phone US Only: (800) 283-SHRM
Phone International: +1 (703) 548-3440

TTY/TDD (703) 548-6999
Fax (703) 535-6490

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