

Performance appraisals are key to employee development

Effective performance management is essential to ensure that a business is operating effectively and is on track to achieve strategic goals. Performance appraisals are a review of an employee's performance against pre-determined objectives. They identify the strengths and weaknesses of an employee and address how to improve or develop these areas. They aim to motivate the employee and provide them with sufficient challenges and responsibilities in relation to the business objectives.

One definition of performance management is "...the process of identifying, evaluating and developing the work performance of employees in the organisation, so that the organisational goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of recognition, receiving feedback, catering for work needs and offering career guidance...".

A key purpose of the any appraisal process and resulting performance development plan is to identify gaps in an employee's skills or competencies as well as opportunities for improvement and development. Setting performance goals encourages employee motivation by stimulating effort, focusing attention, increasing persistence and encouraging new ways of working.

The benefits of using a performance appraisal process to develop employees include the opportunity for employees to be directly involved with identifying areas for their development and how this development will be achieved; and being able to track progress and receive feedback against development goals. Some examples of actions that may be taken to develop an employee further include training and courses (internal and/or external) new work assignments/tasks, increased responsibility, secondment to another role, and training another employee.

A good performance appraisal process that encourages employee development should be designed to ensure the following:

- That all employees are regularly and formally reviewed regarding their career progress to assist them in developing to the fullest
- That the systematic measure of an employee's overall value to the organisation is recorded
- That essential information concerning the strengths and weaknesses of all employees, in relation to their development including potential for advancement and suitability for other positions and training, is recorded
- That employees are involved in the setting of development goals
- That there is a clear linkage between performance and remuneration.

Using the performance appraisal process to develop employees also assists with other key organisational issues. One being its vital role in maintaining and/or improving attraction and retention of high-performing employees by:

- Defining and establishing clear performance goals
- Tracking progress and giving relevant, useful feedback

- Developing employees to meet or exceed the company's goals and their own personal career goals, and
- Its link to remuneration.

Performance appraisals are able to do this as long as they focus on the employee. Objectives in an employee-orientated performance appraisal process should:

- Provide information to employees about perceptions of their performance
- Clarify organisational expectations of employees
- Provide information to employees about their development needs.

However a number of common reasons why performance appraisals may not be a successful tool for developing employees are:

- Lack of management support
- Performance management being undervalued in the organisation
- Lack of use by management
- Difficulty in creating performance goals
- A lack of resources for, or availability of, training.

In summary performance appraisals are a useful tool for developing employees as they provide a clear link to overall business goals, improve employee motivation and assist employees to identify their strengths and weaknesses which in turn provides clear direction on development needs. Employees have a sense of ownership of their development goals as they are involved in the process. The process must focus on the employee and be fully supported by management in the organisation. If an organisation expects its employees to be committed to their development goals, the organisation in turn needs to demonstrate its commitment to assisting them to achieve their goals by providing the necessary opportunities and resources.