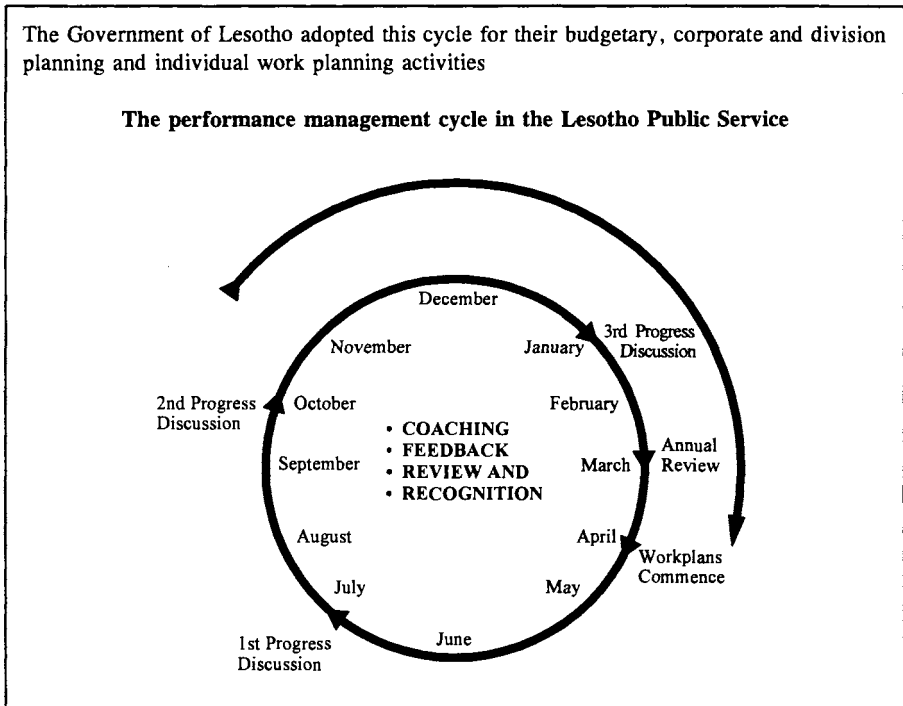


# THE ANNUAL PERFORMANCE CYCLE

## FOUR STAGES

In designing the processes of the performance management appraisal system, an important element will be decisions on the most appropriate start and finish dates of the annual performance appraisal cycle. Considerations will include organisational strategic planning timeframes and dates for payment of merit-related pay increases. Generally, setting of individual objectives and development of work plans occurs at the appropriate point in the budgetary cycle when overall priorities for the year have been set and available resources are known.



The four key stages are:

1. setting individual objectives through work plan development;
2. adjusting objectives, assessing progress and providing feedback;
3. the annual appraisal;
4. making decisions.

## STAGE ONE IN THE ANNUAL PERFORMANCE CYCLE – SETTING INDIVIDUAL OBJECTIVES THROUGH WORK PLAN DEVELOPMENT

A work plan for individual employees is a statement of what the employee is expected to achieve and to what level of performance over a particular period of time. It is generally part of the form on which progress reviews and the annual appraisal are documented.

The United Kingdom Social Security Headquarters have further developed the SMART formula and include it in their Guide to Performance Appraisal:

**S** – *Simple* – clear, understandable.

Does the staff member understand precisely what he or she has to do to achieve this objective?

**M** – *Measurable* – quantity, quality, money, time.

The most difficult area, particularly in jobs which do not lend themselves to quantifiable outputs. ....If quality of work is a major factor in determining whether the objective has been successfully achieved, the concept of ‘assessability’ may be more relevant than ‘measurability’.

**A** – *Agreed* – between you, your staff member and the countersigning officer.

This speaks for its itself – commitment is only possible if objectives are genuinely agreed.

**R** – *Realistic* – within the control of the individual, takes account of their experience and capability.

Take the opportunity to ascertain how stretching the staff member perceives each objective to be and discuss any differences between you. Also, check that achievement of the objective does not depend substantially on the work of others. If it does, then be prepared to re-frame it to take account of the specific contribution of the staff member.

**T** – *Timely* – reflects current priorities, assessable within the annual reporting cycle.

If projects are likely to take a number of years to complete, set ‘milestones’ for what is expected to be achieved in the current year.

The work plan is completed by the supervisor and employee at the start of the annual appraisal cycle. The key elements in the work plan design are:

- drawing up of the work to be done from both the objectives and plans of the organisation and from the employee’s job description;

- describing the work to be done in terms of objectives or outputs of what will be achieved over the period covered;

**Example of work plan page for a performance management appraisal form.**

**WORK PLAN**

*to be agreed between the supervisor and the employee at the start of the annual appraisal cycle*

<b>Key Job Accountabilities</b> <i>drawn from job description and department goals</i>	<b>Objectives</b> <i>results to be achieved</i>	<b>Performance Measures</b> <i>how you will know that results have been achieved, include quantitative and qualitative measures</i>	<b>Additional Skills</b> <i>any additional skills required to achieve objectives</i>

Supervisor's Signature

Employee's Signature

Date

-----

-----

-----

- identifying performance measures that show how success will be measured;
- identifying and stating the required level of performance;
- allowance for a skill development plan to identify any special assistance or training the employee might need to achieve the set goals for the year;
- allowance for sign-off of agreement between the supervisor and the employee on content.

A number of countries, including Zambia and Zimbabwe, have found the SMART formula useful in developing performance objectives, and included it on their work plans:

- *Objectives must be Specific; Measurable, Achievable; Results-Oriented and Time-Framed.*

#### **STAGE TWO – ADJUSTING OBJECTIVES, ASSESSING PROGRESS AND PROVIDING FEEDBACK**

Performance management encourages regular and on-going communication and feedback between supervisors and employees. The inclusion of formal, documented progress reviews as part of the annual performance appraisal cycle ensures this important management activity occurs. Progress reviews provide the opportunity for adjustment of objectives in line with changed organisational priorities, for any resourcing, skills needs or performance difficulties to be identified and quickly resolved. Ideally, reviews should be scheduled quarterly.

**Example of a PROGRESS REVIEW page**  
*to be completed quarterly by the supervisor and employee*

**Progress Discussed & Agreements Reached as Detailed**                      **Date -----**

**Employee's Signature**

**Supervisor's Signature**

-----

-----

**Progress Discussed & Agreements Reached as Detailed**                      **Date -----**

**Employee's Signature**

**Supervisor's Signature**

-----

-----

**Progress Discussed & Agreements Reached as Detailed**                      **Date -----**

**Employee's Signature**

**Supervisor's Signature**

-----

-----

**STAGE THREE – THE ANNUAL APPRAISAL**

Good system policy and rule design, and appropriate form design can greatly assist in ensuring that the annual appraisal is a time for open discussion, agreement,

increased understanding and trust, and commitment to future achievement. The inclusion in the overall rating of consideration and comment on the three key areas of achievement against objectives, demonstration of required behaviours and additional contributions, and comments by supervisor and employee at appropriate stages, can greatly assist in ensuring that the process of formulating the overall appraisal is considered and transparent.

The use of a number of other contributors to the overall rating, including peers, customers and subordinates, in processes that have come to be known as 360 degree rating is popular in some private sector organisations. However, these processes are administratively complex, and in public service settings, which often include complex legal dispute-settling processes, require clear advance identification to the employee of who will comment, and on what aspect of performance. There is then no hard evidence to suggest that 360 degree rating produces a result that is less subject to bias than supervisor rating and it may work to undermine the development of trust and open communication between the supervisor and the employee.

The annual appraisal is the tip of the performance management iceberg. Re-capping on points covered above, it will have impact on performance if:

- the work plan objectives and measures have been openly agreed;
- the supervisor provides day-to-day assistance as necessary;
- formal progress reviews occur quarterly to adjust plans and priorities, if necessary, and to identify and remedy any difficulties that may be occurring;
- supervisors have been trained in carrying out their performance management system duties, including carrying out interviews and bias-free appraisal;
- employees have been trained for their role in performance management, including negotiating realistic work plans and measures, and preparing appropriately for the appraisal interview so that evidence of achievement is brought forward;
- full description of the rating scale appears on the appraisal form;
- rating scale descriptors are carefully selected to ensure they are encouraging to employees;
- complex numeric calculations have been avoided;

- sampling of forms across the organisation occurs regularly, as part of system monitoring of outcomes to assess if managers are using the rating scale in a similar way or if they are exhibiting overly punitive or lenient characteristics.

#### **STAGE FOUR – MAKING DECISIONS**

Decisions from the appraisal can be placed along a scale stretching from those concerned with reward for good performance, to those which emphasise improved standards for under-performers. The following section explores these two options in more detail.