Appraisal procedure and form management guide

# Appraisal procedure and form management guide

An annual appraisal is a formal evaluation when a review of an employee’s **performance takes place. Annual appraisal meetings should be open where both parties exchange views and reach agreed conclusions and action plans.**

## APPRAISALS

It’s good performance management procedure to appraise your staff on a regular basis and, in any event, no less than once a year. A quarterly assessment together with a formal annual appraisal is a popular system for small to mediumsized employers. The aim of appraisals should not just be to explore performance and conduct during the relevant appraisal period but also to use this information to set targets and goals to be achieved during the forthcoming appraisal period, i.e. to set an agreed action plan for the next year. This will necessarily involve discussing future training needs and career development. In order to make the whole process worthwhile, the appraisal procedure should be a two-way open discussion, where views are exchanged and agreed conclusions reached. There should be no real surprises for the employee at the appraisal because if there have been performance or conduct problems, these should have been identified and dealt with when they occurred. Likewise, a series of glowing historical appraisals prepared by a manager who was not willing to face up to an employee’s performance problems may be produced as evidence of unfair dismissal by an employee if they are later dismissed for poor performance. Our **Appraisal Procedure and Form** will assist you in implementing an appraisal system on which you can continue to build. Once the appraisal form has been written up, it should be kept confidentially on the employee’s personnel file but should be in continual use as a reference document by the employee’s line manager.

## DISABILITY DISCRIMINATION

Care should be taken to account for the impact of any disability that may impair performance. Reasonable adjustments should be made in the assessment process to ensure that the disabled employee is not placed at a substantial disadvantage in this context because of their disability when compared to non-disabled employees.

## RATINGS

Most performance appraisal systems include some form of rating system of the employee’s performance. The typical number of levels of ratings is four or five. A rating scale format usually consists of scale points e.g. 1 to 5 or A to E and these are then further described. Some companies just rely on verbal descriptions in order to avoid putting people into boxes. It is preferable to avoid the use of the words “average”, “above average” and “below average” because that assumes there is a clear understanding of “average” and that system compares employees rather than comparing an employee’s actual performance as against performance expectations for their particular job.

## BONUS DISCRETION

Having a formal appraisal system in place is particularly important if you pay discretionary performance-related bonuses because, if challenged, you will need to be able to show that a decision on the payment or amount of a particular bonus was reasonable and not arbitrary, capricious or irrational. A detailed appraisal form should help you in justifying your decision.