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Performance Appraisal Dialogue

The Performance Appraisal Dialogue is rightly regarded as an effective instrument in developing organizational communication and company culture. This is an important tool that should be viewed as a strategic leadership instrument. It cannot replace day-to-day communication, but should be used in addition to it. Daily conversation usually deals with topics of on-going business and is focused on specific solution-finding processes. Such conversations (at least in 1:1 talks) are typically spontaneous. In contrast, the topics of Performance Appraisal Dialogues are focused on setting yearly performance objectives and developing and supporting employees so that they are able to reach these objectives. These dialogues are carefully prepared and (although usually confidential) precisely documented.

The benefits of well-done performance appraisal dialogues include:

Benefits for the enterprise

- Alignment with strategic and financial goals
- Improvement of internal communication
- Improvement in co-operation within the enterprise and optimisation of work processes
- Adequate recognition, development and use of employee potential

Benefits for the direct manager

- Support in leading people
- Support in planning and reaching goals
- Support in aligning team goals with the strategic goals of other departments and the enterprise
- Higher commitment to goals due to clear definition and consensus of expected results
- Delegation possibilities
- Support of employee initiatives
- Feedback on one's own leadership qualities

Benefits for the employees

- Opportunity for open exchange of personal and professional matters with the direct manager
- Development of ground-work for future co-operation
- Definition of employee/employer expectations
- Development of work assignments and priorities
- Alignment with the strategic goals of the enterprise
- Feedback on performance
- Communication of professional interests and ideas

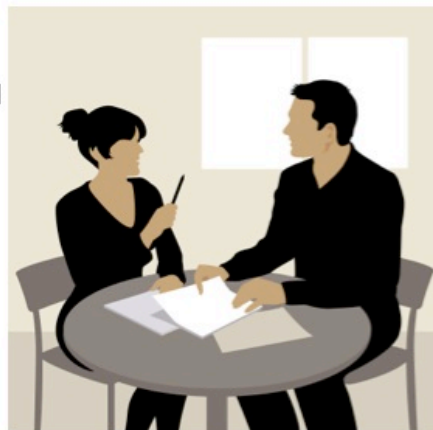
Major aspects of the performance appraisal dialogue

Performance

- Review
- Feedback
- Dynamic functional description

Feedback on leadership and cooperation

- Strengths
- Weaknesses
- Wishes



New goals and tasks

- Preview on future tasks and targets
- Dynamic functional description

Development and support of the employee

- On-the-job
- Continuing education

For leaders:

- Feedback
- Discussion of leadership role and behaviour

A Performance Appraisal Dialogue will typically start with a review of the past year, with employer and employee discussing whether and how well objectives were met, exploring reasons for objectives that were not met. During the dialogue, it is important that an employee has the opportunity to hear the actual views of his or her supervisor. Even if an employee

does not agree with his or her leader's opinion, open and direct feedback provides the chance for understanding a supervisor's expectations.

As a next step, new goals are set based on new departmental targets. Experience shows that it is reasonable to distinguish among routine goals and innovation goals. Definition of objectives that are limited to a mere updating of present tasks can create an atmosphere of boredom and inflexibility. Setting at least one innovation or developmental goal opens possibilities for an organizational culture with an increased capability for innovation.

Leaders are role models. If they *give* open feedback to their employees they should also be prepared to *receive* open feedback. This is why leaders should actively invite their employees to give feedback on the topics of leadership and cooperation within the working group. Some relevant questions for this include:

- How do you view the cooperation in our department?
- What are the strengths in our department? Where is there room for improvement?
- If you were in my position, what would you do?

The leadership, or management, of an organisation have high-profile roles and the behaviour of a leader has a significant impact on company culture. As such, leadership qualities should be a topic of discussion in a Performance Appraisal Dialogue. Employees who hold leadership positions should receive feedback on their leadership style. A discussion on how leaders view their leadership roles and styles and techniques will enhance a common leadership culture.

The last topic in a Performance Appraisal Dialogue is usually focused on the further development of the employee. Have the job requirements changed since the last appraisal dialogue? Are there specific areas that need to be improved (behaviour, know-how, skills, etc)? Based on these questions, learning objectives and working goals for the employee can be specified and actions can be planned.