Is performance appraisal futile in an economic downturn?

Performance Appraisal · https://psyasia.com/kb/is-performance-appraisal-futile-in-an-economic-downturn/

Performance appraisal is a method which is used by many organisations to evaluate the performance of an employee. A review of an employee's performance is carried out either through rating scales, feedback or documentation and this provides the opportunity for communication to occur. Reading through some popular management articles in magazines and on the internet, some writers suggest that performance appraisal during an economic downturn is futile. They suggest that employees are lucky to have a job and that is the focus of the appraisal interview. This view is contrary to anecdotal and scientific evidence because research has shown that reviewing performance, if done properly, will lead to improved performance and willingness for the employee to remain with the organisation.

By reviewing an employee's performance at regular intervals, the organisation is able to evaluate which areas of development or training are needed for an employee. Performance appraisal will also help the organisation assess what they can do in order to assist an employee reach their maximum capacity in performance. For example, if an employee is not performing well in a certain area, such as presentation skills, it might be because the organisation has not provided the employee with the opportunity to practice this skill. The organisation can assist the employee in their performance by providing them with the opportunity to perhaps carry out more presentations, or they can provide some developmental advice, such as practice speaking during meetings.

Performance appraisal is also about ensuring that the employee is on track. By setting goals which are specific, measurable, achievable, realistic and setting a time frame for their realisation (SMART goals), organisations can improve and monitor the performance of employees. Ensuring that employees feel valued and that the organisation cares for their performance by recognising achievements, will at least sustain current performance and can result in increased performance. Performance appraisal is important for making the organisation attractive to current employees as well as future employees.

Economic downturns come and go. As they end, more jobs become available and employees will be provided with more job opportunities. At that point in the future, it might be difficult to retain employees. Performance appraisal systems can help to prevent employees from leaving the organisation unnecessarily.

In summary, performance appraisal systems are not futile in any economic situation. They allow organisations to effectively monitor employee's developmental needs, they are able to assist employees reach their maximum performance and set appropriate targets and goals for them. All organisations want employees to perform well, and this can be done effectively by carrying out performance appraisals.