

AN INTRODUCTION TO

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# 5 KRAs for Performance Appraisals

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Key Responsibilities of a Performance Appraisal to make it more effective

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Performance Appraisals are dying.

Employees & Managers don't want to do anything anymore with the annual review form.

What all this means is that there is a change happening or waiting to happen.

And of course, a change, whether good or bad, is always evolved from the needs of the times.

“

*Fact says majority of Millennials (66%) want informal feedback at least weekly, if not monthly.*

”

# What's Wrong?

30%

of performance reviews end up decreasing employee performance

-The Psychological Bulletin

90%

of performance reviews are *painful* and ineffective

- Society for Human Resource Management

Inaccurate or unsatisfying reviews



Increase in stress and anxiety



Decrease in productivity, morale, and job satisfaction among employees



**INCREASE IN  
TURNOVER  
RATE**

Feeling underappreciated is the **#1 REASON** most Americans quit their jobs



HALF OF ALL EMPLOYEES SEE THEIR PERFORMANCE REVIEWS AS INACCURATE

51%



PERFORMANCE REVIEWS DO NOT MOTIVATE THEM TO WORK HARDER

53%



## ... AND SO DO MANAGERS

Managers cite performance reviews as their second most-hated task (after firing someone)



58%

of managers think employee performance reviews are not an effective use of time



# What will the future be?

*Only 55% think that Employee Reviews are effective- Forbes*

The future can be predicted to an extent, if not the whole.

For performance appraisals to continue to play a meaningful role in employee development & recognition, there are certain key fundamentals that need to be assured.

These are like the key responsibility areas of Performance Appraisals. Yes, KRAs – that's exactly what I am referring to.

If the Performance Review form is assigned certain well defined KRAs, only then we can measure how effective its own performance has been.

**Elementary, isn't it?**

And we haven't done a great job of doing that till now. Have we?



# KRAs of Performance Appraisals

“Hygiene Factors of performance appraisals”

Here, I am going to list the top 5 KRAs that Performance Appraisals should always retain.

Pretty much like the hygiene factors.

Without these, the existence of performance reviews is futile.

We have identified these through our interactions with industry practitioners over the last 12 years. Surprisingly, none talks about managing the performance of performance reviews itself.

Anyways, without much ado, here are the top 5 KRAs.

CHAPTER ONE



# Personalization





# 1. Personalized for each employee.

The purpose of Performance Appraisal is to help the employee improve.

This “help” that we refer to should typically include

- [Feedback](#) on job performance
- Identification of development needs – both functional & soft skills
- Recognition of outstanding efforts
- Alignment to individual career goals

Let’s stop here & again read back the bullet points above.

What is the common thread across the points?

Yes, it is all about the individual employee.

As it should always have been & be forever.

## **Key takeaway for Practitioners**

Personalize, personalize, personalize the review process.

And even some more.

Stop not till the appraisal process is relevant to each & every employee.

Performance Appraisals have to be completely democratic.

## CHAPTER TWO



# Focused



## 2. Focused on long term employee career aspirations too

There is a conflict of interest inherent to performance appraisals.

Organizations & Managers are focused on outcomes in the short term.

On the other hand, employees are typically more interested in where the road leads to in the long term.

A big problem with performance appraisals is how it is mostly focused on immediate job responsibilities & results, while being almost flippant on the long term outlook for the employee's career.

This is why employees are not great fans.

It's not always clear to them how all that they are doing is related to their dreams.

Moreover, to add spice to the mix, these employees' dreams are not permanent too. These change with time.

### **Key takeaway for Practitioners**

- Strive for balance
- Between short term results
- And long term career objectives of employees

A middle path that takes care of all stakeholders needs is important.

But it's easy to start off – all it takes to get going is a conversation & a note taking. If Managers can discuss the career objectives with individual employees on a regular basis, the employee then feels being taken care of and much of the misgivings get mitigated.

So, start simple & evolve with feedback from the key stakeholders.

## CHAPTER THREE



# Evaluation



# 3. Described by how actual performance will be measured/evaluated

It's quite easy to set KRAs or goals.

It's much more important to explain how performance will be actually measured on these. For example, a driver of a car knows what he is primarily supposed to do.

But he also needs to know if his performance will be measured on speed, smooth ride or safety.

And importantly, this needs to be laid out upfront before he starts driving.

So, while employees are communicated their goals, they should also be made absolutely clear on the key performance indicators & the methods used to measure.

## **Key takeaway for Practitioners**

It is even easier to say & get away that actual measures for KRAs should be set.

But HOW is the question that should be answered with a lot of honesty and collaboration between employees & management.

While for measurable KRAs like sales, on time delivery or defects, quantitative targets with the measuring methods can be set. For example:

- Sales -> USD 5 Million new account booking
- On Time Delivery -> 99% of delivery instances with 5% threshold
- Defects -> 2% of Rejected Defects

However, most KRAs are subjective in nature – for example

- Employee Engagement, Personal Growth, Knowledge Management.

Rather than force set quantitative targets like 1 article per quarter that defeats the purpose of the objective, these should be set against a set of desired outcomes & rated on an overall basis.

## CHAPTER FOUR



# Inputs Free Flow



# 4. Descriptive & objective assessment

## Employees hate to see themselves as a number.

A major irritation for all is the overwhelming need to quantify, rate & rank during performance reviews.

On the other hand, Managers are not often equipped to quantify objectives or rate them without bias.

All this leads to a numerical mayhem, frustration & guilt.

The real issue is that organizations believe the major outcome of performance reviews is to rank employees, dole out increments and thus design their process accordingly.

In reality, the core objective of performance reviews is to help improve the employee. This often gets missed out in implementation.

### **Key takeaway for Practitioners**

If the performance appraisal process is personalized to each employee, then the focus should be more on engaging discussions & constructive way forwards as critical outcomes of the process.

Yes, ratings of KRAs are important - especially on those that have quantifiable targets set.

But so also is the need for free flowing open discussions without worrying about the numerical rating axe hanging overhead.

If this is built in as a core fundamental of the process, then the acceptance of Performance Appraisal becomes an easier task.

## CHAPTER FIVE



# Priority





# 5. Weighted according to priority as per employee's job responsibilities

There is no employee in the world with just a single KRA.

In today's reality, each of us has multiple responsibilities & is expected to multi task.

Along with a clear communication on how KRAs will be evaluated, equally important is the need to define the priority of one KRA over the other.

This helps employees know the mix of their job responsibilities & accordingly focus on their day to day duties.

Yes, assigning weights to KRAs help.

So long as there is a uniform understanding of what constitutes 30% or say, 15%.

## **Key takeaway for Practitioners**

Sometimes it helps for Managers & employees to assign KRAs on qualitative priorities like Critical, High, Medium & Low.

For the purpose of rating & overall performance scores, an uniform weightage can be set for each such priority & accordingly assigned.

However, the more important need is to educate employees & Managers on the need to prioritize the KRAs aligned to organizational business objectives.

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