

Performance Appraisals During Salary Freezes

According to a survey of 308 Human Capital Institute (HCI) members taken in February 2009, 60% of their companies have reduced base salary or frozen salaries in response to the economic situation. Assuming these members are even remotely indicative of what is going on in the general workforce in the U.S. today, most companies are putting raises on hold. How can business owners motivate supervisors to complete the tedious task of performance appraisals when most employees associate their review with a raise?

For starters, everyone (beginning with managers) must recognize that a performance appraisal is not necessarily related to a raise. In fact, effective performance management processes would create a culture where the two are unrelated or raises are a small part of the review process. Performance appraisals should focus on the expectations of the employee and his or her ability to meet or exceed those expectations. Basically, how am I doing with the job you've given me?

Supervisors should note the positives of performance appraisals during this time. They give managers the data needed in the unfortunate event of layoffs. What better way to have solid evidence of your key players, their attitude and commitment to the company than a recent performance appraisal? It will also aid in documentation needed if discrimination during layoffs arises.

Employees may not be as opposed to the process as you may think. Performance appraisals will give employees a handle on what they can control (their performance) and steer away from what they cannot control (the economy). They'll get an accurate picture of management's picture of the company's near future and how they fit in to that picture. Your employees, regardless of how stable your company is right now, are worried about the future and a performance appraisal may put their minds at ease.

Be forewarned, however, that employees may take a "why should I care?" attitude during the appraisal process. You did, after all, just tell them that you were not going to monetarily reward all of the good work they've done this year. Remind employees that the situation is temporary and in lieu of job cuts (if that is indeed true) and they may come out of the meetings feeling fortunate they have a job and ready to do what it takes to perform well to keep it.

Discuss potential reactions with your managerial staff and create ways to deal with them together.

For more information, contact Tandem HR at 630.928.0510 or visit www.tandemhr.com. The staff at Tandem HR contributed to this article. It is intended as information only and is not a substitute for legal advice. Tandem HR is a professional employer organization specializing in strategic HR partnership with small and mid-sized businesses.

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