

7.2: Employee Development and Performance Evaluations

Learning Outcomes

- Describe employee development approaches.
- Describe performance evaluation approaches.



The best, most loyal employees are often people who started near the bottom of the organizational chart and worked their way up the ladder with the help, support, and encouragement of their manager and their employer. That help, support, and encouragement are all part of employee development. In a well-managed company, there are systems in place to provide appropriate development opportunities and resources. In addition, managers are trained to support their team members with coaching, meaningful feedback, and—in some cases—mentorship.

Managers have an important role to play in ensuring that their employees develop their potential. Some of the most important things a manager can do for their team members are:

- Delegating responsibility rather than fixing problems before they arise.
- Being aware of development opportunities as they become available and sharing information with team members.
- Offering or suggesting specific appropriate development opportunities to employees and/or human resources when and as they are appropriate.
- Providing meaningful, actionable feedback to team members regularly.
- Including “up and coming” employees in meetings, conferences, and other events where they can contribute ideas, learn about opportunities, and ask questions.

Formal Employee Development Strategies

In any company, there are employees who are satisfied with entry-level work and those who are eager to learn, grow, and build their careers. Although training programs are appropriate for both groups, certain types of training are particularly important for individuals willing to work hard to improve their career opportunities. These include training opportunities in areas such as leadership, management, negotiation, and other areas likely to be useful to a new manager.

Formal employee development strategies are often planned and implemented by HR and/or consultants, online training companies, and universities. Topics taught range from “soft” skills (interpersonal communication, public speaking, negotiation, leadership skills, etc.) to “hard” technical skills (coding, accounting, systems administration, etc.). Options include:

- On-site or off-site workshops to train employees in areas such as business ethics, communication, management skills, business writing, public speaking, and management techniques.
- Online training programs to build skills in areas such as international business law, marketing or sales techniques.
- Certification programs in areas ranging from software proficiency to legal knowledge to management in specific areas such as human resources and manufacturing.
- Funding for formal coursework in pursuit of postsecondary degrees or certifications in areas such as business administration, finance, or related fields.
- Opportunities to attend conventions and conferences at which employees may attend workshops and build their professional networks (or in some industries, present their research, products, or ideas).

Informal Employee Development Strategies

In addition to formal employee development, many corporations offer informal development options. These often take the form of on-the-job training, shadowing, mentorship, or similar experiences that allow newer employees to learn from senior staff. In addition, managers may choose to coach promising employees to prepare them for more challenging opportunities.

- **On the job training** may involve a newer employee watching and then imitating a more experienced colleague. On-the-job training is fairly standard in hands-on work such as manufacturing, trades, and restaurant work—but it is also effective in many business situations. In sales, for example, a more experienced representative might make a sale using specific techniques and then allow the newer representative to try using that same technique with another potential client. After the interaction is complete, the more experienced individual might provide constructive feedback.
- **Shadowing** is a technique in which a newer employee literally “shadows” or follows a more experienced colleague to watch and learn from his or her techniques. As with on-the-job training, a day of shadowing is usually followed by a conversation during which the learner asks questions to better understand the techniques demonstrated. Shadowing works well when a specific skill is being demonstrated; mediation and negotiation, for example, are best understood in a real-world setting.
- **Mentorship and coaching** are generally offered not by peers but by managers who have the experience and knowledge to advise promising employees. Some corporations offer formal mentorship programs that match individual employees with mentors who have greater experience and higher-level positions in a similar field. Other corporations encourage informal mentoring. Coaching is usually provided by a direct manager who may, for example, wish to support an employee so that he or she can successfully navigate a tricky or challenging project.

? PRACTICE QUESTION

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Performance Evaluations

Most companies perform annual performance evaluations. These high-stakes reviews can have a profound influence on an employee’s career, as they are often the basis on which decisions are made regarding raises, promotions, and even retention. As a result, they create a great deal of anxiety, both for employees and for their managers.

Fortunately, it is possible to craft the performance evaluation so that it is relatively painless. At the same time, a well-crafted evaluation process can also help both managers and employees to review job descriptions with an eye to making appropriate changes, set goals, and address unnecessary roadblocks and challenges that sabotage high performance.

The following list covers some of the most popular approaches to performance evaluations. Each of these has its pros and cons, depending on the type of job and the purpose of the evaluation. Often, managers use multiple techniques to gain a fuller picture of each employee.

- **Checklists** are helpful in that they allow managers to quickly check off skills, achievements, and behaviors as they are accomplished. The downside is that checklists provide little meaningful information about the quality of the accomplishments or any challenges an employee might have encountered when attempting to complete a task. For example, an employee might have legitimate difficulty arriving on time if a public transit strike occurred—but a checklist would simply note that the employee was tardy. Because they’re so quick and easy, though, it’s possible to use a checklist regularly and compare outcomes over time.
- **Rating Scales** allow managers to rate the quality of an employee’s performance or skills; generally, the rating scales are 1 to 5 or 1 to 10. This allows a little more flexibility than a checklist, and it can suggest opportunities for improvement over time. For example, an employee who earns 6 out of 10 for punctuality in January can earn 8 out of 10 in February—thus showing both motivation and improvement.
- **Comparative Techniques** allow managers to compare individual employees head to head for specific goals and outcomes. For example, managers might compare the number of sales made, customers served, income generated, etc. Comparative techniques make it possible to see whether an individual employee is falling far behind or leaping out in front of his or her peers. Of course, comparative techniques only apply to groups of employees who have identical goals, resources, opportunities, and training.
- **Narrative Techniques** are essays describing employee performance. These are generally written by the employees’ direct managers, though they are sometimes written by the employee himself or herself. On the one hand, narrative essays take time

and energy away from the manager's (or employee's) daily tasks. On the other hand, they can provide the most detailed and meaningful evaluations, as they are flexible enough to describe individuals' strengths, challenges, obstacles, and opportunities.

- **360 Feedback** asks employees' managers, subordinates, and peers to provide feedback about performance from every angle. This can be a very useful form of evaluation, as some individuals can be wonderful managers but have a difficult time interacting with peers or vice versa. By gathering a wide range of perspectives, managers can pinpoint areas of strength and opportunities for growth. On the other hand, this approach can be problematic if the employee in question is less popular for any reason or if a supervisee is unhappy about being disciplined.
- **Cost Accounting** is an approach that is most appropriate for individuals who make direct sales, produce a manufactured product, or provide direct service. The question asked is: how does the cost of the employee's salary and benefits compare to the income this individual generates? By making a direct cost/benefit analysis, the manager can determine whether the employee is worth the amount being spent on him or her by the corporation. This type of accounting, however, rarely provides a complete story about the employee's abilities or assets. For example, a sales person who takes his or her time getting to know the client may make fewer sales per week but may generate more goodwill and recommendations over the long term.
- **Management by Objectives** is a personalized evaluation technique that measures the individual employee's achievement by comparing the employee to objectives agreed upon the prior year. For example, the employee and manager may have agreed on a particular sales objective; at the end of the year, the employee's actual sales can be compared positively or negatively to the individualized objective.

? Practice Question

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