

Performance Review and Salary Merit Increases

Note: If salary merit increases are not to be utilized in conjunction with performance reviews, the words “and salary merit increases” should be deleted.

«_CompanyName» has adopted a management by objective approach to performance appraisal. Each employee is given the opportunity to set individual written goals. He or she will be evaluated based on how well these goals have been met. Three months after an employee joins the company, the supervisor/manager and employee will meet to establish employment goals consistent with the business objectives of the company and the employee’s department. The first performance review will occur near the end of the next three months, preferably on a date agreed to in writing. All future employee performance reviews will be scheduled at six-month intervals and noted in the preceding appraisal report.

It is the supervisor’s/manager’s responsibility to develop and maintain a work environment in which employees can openly discuss performance and develop plans. The employee will be notified in writing ten days in advance of the performance review date. Also included in the notification will be the time, place, and the discussion topics for the employee to prepare for the review. The employee, as well as the supervisor/manager, is to bring the following to the review meeting:

- ❑ A summary statement of the progress made toward meeting his or her employment goals;
- ❑ Examples of job-related areas demonstrating greatest strengths and identifying areas where additional training is needed;
- ❑ An outline of job-related tasks in which the employee can participate in to improve performance;
- ❑ A recommendation of job responsibilities and goals to be established for the next six-month period;
- ❑ A summary of overall employment performance.

The supervisor/manager is responsible for establishing a relaxed atmosphere at the performance review and encouraging two-way communication. The discussion should be conducted in a positive manner, in complete privacy, and with no interruptions. The supervisor/manager shall verify that the employee is familiar with his or her job duties, previous goals, and the appraisal criteria. At the conclusion of the performance appraisal, the employee will be requested to sign the appraisal verifying that he or she participated in the evaluation. The employee should be encouraged to submit comments about the appraisal that will become part of the record. A date for the next appraisal shall be agreed upon and noted on the appraisal form. The employee must be given a signed copy of the appraisal. The appraisal is then submitted for review by the next level of management.

«_CompanyName» believes that pay increases should be related to an employee’s performance. Following performance reviews, the supervisor/manager will rank the employee’s performance according to his or her relative level of contribution to the company. Factors will include how well the employee has met the objectives agreed upon in the last review, whether it is the initial meeting or the following six-month review, and the employee’s level of contribution to the success of the department/division relative to

other employees. The supervisor/manager will rank all department/division employees in one of five groupings:

1 = Unsatisfactory

2 = Marginal

3 = Meets Job Standards

4 = Exceptional

5 = Outstanding

A decision relating to the employee's merit increase in pay will be made by the supervisor/manager after the review and ranking process has been completed. Any merit increase in pay will be retroactive to the date of performance appraisal. The supervisor/manager will forward a merit increase recommendation with the appraisal to the next level of management. Merit increases in pay are neither automatic nor periodic. They are reserved for employees who show skills improvement and higher than average performance. Information about rates of pay and merit increases in pay, if any, are deemed to be confidential matters between the company and each employee and are not to be discussed among employees.

Note: If performance or merit pay isn't to be included, delete the three preceding paragraphs.



Please see the following related Word templates:

- Performance Appraisal
- Constructive Advice
- Corrective At Will Action Notice
- Corrective Cause Action Notice

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