



# **EMPLOYEES PERFORMANCE EVALUATION POLICY**

**Simbag sa Emerhensya asin Dagdag Paseguro  
Mutual Benefit Association Inc. (SEDP MBA)**

## **INTRODUCTION**

The principal purpose of the performance evaluation is to provide two-way communication between a supervisor and an employee about the individual's work performance and to establish goals for the upcoming year. Performance evaluation also may provide a basis for salary increase, promotions, or other benefits.

## **OBJECTIVES**

1. Maintain or improve each employee's job satisfaction and morale by letting him/her know that the supervisor is interested in his/her job progress and personal development.
2. Serve as a systematic guide for supervisors in planning each employee's further training.
3. Assure considered opinion of an employee's performance and focus maximum attention on achievement of assigned duties.
4. Assist in determining and recording special talents, skills, and capabilities that might otherwise not be noticed or recognized.
5. Assist in planning personnel moves and placements that will best utilize each employee's capabilities.
6. Provide an opportunity for each employee to discuss job problems and interests with his/her supervisor.
7. Serve as an objective basis for all personnel actions such as promotion, transfer, reassignment, demotion and separation; and
8. Serve as reference in the grant of performance-based salary step increment as approved by the Board of Trustees.

## **BASIC POLICIES**

1. The Performance Evaluation System shall be made an integral part of the HRD of the agency.
2. Appraisal shall focus on results/outputs rather than on activities/processes.
3. Employees shall be given appropriate recognition for their performance and contribution to the overall effectiveness and efficiency of the Institution.
4. Each supervisor and subordinate shall be informed of his/her rights and obligation under the Performance Evaluation System and be periodically informed of his/her progress.
5. Appropriate training opportunities shall be continually provided to facilitate effective implementation of this System.

## **SCOPE**

The Performance Evaluation shall apply to all SEDP MBA employees.

## **RATING PERIODS**

The Performance evaluation shall be done every six (6) months ending on June and December of every fiscal year.

## **MECHANICS OF THE SYSTEM**

The performance evaluation procedure shall follow the following processes:

### **1. Planning**

There shall be a planning session at the start of the rating period during which targets or expected outputs shall be set jointly by the supervisor and employees. Furthermore, the supervisor and employees define the job of each member of the group, agree on the duties and responsibilities attached to a particular job, and establish the standards on which specific work outputs and behaviors shall be measured.

### **2. Setting Commitments**

Targets on major duties and responsibilities established during the planning session shall be listed in the Performance Evaluation Tool under the “Planned” column.

### **3. Progress Review**

This process involves a discussion between a supervisor and subordinate using the following steps:

- a. Subordinate reviews the progress of all the jobs assigned to him/her.
- b. The supervisor reinforces progress on job goals already accomplished by recognizing employee’s efforts and praising him/her for specific achievements.
- c. They both discuss goals and standards not being met and identify causes.
- d. They identify and agree on appropriate action to overcome causes of difficulties.
- e. They re-negotiate goals and standards where necessary.

### **4. Appraisal Discussion**

There shall be a highly interactive performance appraisal discussion and feedback mechanism to foster better working relationship between supervisor and subordinate.

Major Steps in the Appraisal Discussion:

1. Establish rapport with the subordinate employee.
2. Get the employee’s view of his/her own performance.
3. Present your own view with emphasis on strengths and weaknesses.
4. Get reaction from the subordinate.
5. Discuss areas of agreement and disagreement.
6. Resolve the difference.
7. Summarize and conclude.

8. Write down agreements regarding rating, strengths and development areas, plans for improvement.
9. Acknowledge agreement by signing the accomplished Performance Evaluation Tool.

To ensure the success of the discussion, the specific roles that supervisor and employee must play are hereby set:

**Subordinate's role:**

1. Summarize his/her accomplishments and/or failures for the whole rating period.
2. Defend the rating he/she thinks he/she deserves.
3. Offer suggestions to improve his/her own performance.
4. Offer suggestions on how his/her supervisor can help to make him/her more productive and effective.

**Supervisor's role:**

1. Make the employee feel at ease during the discussion.
2. Inform the employee on whether or not he is meeting job expectations.
3. Summarize the employee's performance during the rating period.
4. Defend the rating he thinks the employee deserves.
5. Give proper degree of praise and constructive criticism.
6. Listen to employee's concerns.
7. Provide encourage and motivation.
8. Counsel on improvement areas.
9. Secure employee's acknowledgment of the employee's rating.

## **MECHANICS OF RATING**

### **A. Evaluation**

1. The employee evaluates his/her own work performance and behavior using the standards set for specific work outputs and behavioral factors affecting performance. The evaluation shall be based on the information contained in the logbook, attendance records, quarterly accomplishment reports and other relevant documents.
2. The supervisor and employee must meet to discuss and agree on the rating and develop plans for work improvement.
3. The rater and employee accomplish the Performance Evaluation Report Form.
4. The fully accomplished forms are submitted to the SEDP MBA General Manager for review. If the authorized official agrees with the employee's rating, he signs the Performance Evaluation Tool. Otherwise, he shall notify the employee and rater and

discuss the change in the rating with them. The revised rating shall be initialed by the employee, rater and reviewer.

5. The original copy of the final rating shall be sent to the SEDP MBA Management Support Staff for recording purposes, copy furnished the employee and the rater.
6. If the employee disagrees with the final rating of his/her performance, he/she shall also sign the Performance Evaluation Tool and initial the changes. He may then appeal his/her rating in accordance with the rules and procedures for the purpose.

### How to Rate

#### Part 1. Employee's Performance Target for the Period

1. There are five (5) levels of performance rating with corresponding Achievement Percentage and adjectival rating. Choose the rate that corresponds with the Achievement Percentage.

Rate	Description	Adjectival Rating
5	Achievement Percentage of over 125%	Outstanding
4	Achievement Percentage of 101%-125%	Very Satisfactory
3	Achievement Percentage of 86%-100%	Satisfactory
2	Achievement Percentage of 51%-85%	Needs for Improvement
1	Achievement Percentage of below 50%	Marginal

#### Part 2. Critical Behaviors and Compliance to Policy

1. There are five (5) levels of performance rating with corresponding description. Choose the rate that corresponds with the description.

Rate	Description
5	Demonstrated compliance to the policies resulting to exceptionally positive and remarkable outputs. Required no supervision and Direction. (95%-100%)
4	Demonstrated compliance to the policies <u>most often</u> , resulting to outputs that went beyond expectations. Required minimal supervision and Direction. (85%-94%)
3	Demonstrated compliance to the policies <u>often</u> , resulting to outputs that met expectations and minimum standards. Required normal supervision and Direction. (75%-84%)
2	Demonstrated compliance to the policies <u>occasionally</u> under normal supervision and results were slightly below expectations Required further efforts for improvement. (40%-74%)
1	Rarely demonstrates compliance to the policies <u>and results were extremely below expectations</u> . Required extra supervision,

	directions and constant follow-up by immediate Superior for further improvement. (0%-39%)
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**How to Compute the Rating for the Performance Evaluation**

The Performance Evaluation tool shall contain the statements of major duties and responsibilities of an employee.

**Part 1. Performance Target for the period (60%)**

1. The achievement rate was computed by dividing x over y if the desirable score should be higher than x or divide Y over X if the desirable score should be lower than X.
2. The Immediate Supervisor should put the weight that corresponds each key performance indicator. The Weight should have a total of 100%.
3. The score is determined by multiplying the rating by the weight
4. Total score is determined by the sum of the score for each key performance indicator
5. Multiply the Total Score by 0.60 (60%) to get the Equivalent Point Score

**Part 2. Critical Behaviors and Compliance to Policy (40%)**

1. The Immediate Supervisor should put the weight that corresponds each compliance to policies and Behavioral Indicators. The Weight should have a total of 100%
2. The score is determined by multiplying the rating by the weight
3. Total score is determined by the sum of the score for each key performance indicator
4. Multiply the Total Score by 0.40 (40%) to get the Equivalent Point Score

**How to compute the performance Evaluation Result for the Whole year**

The result of the two (2) Semestral Evaluation (January-June and July- December) should be added and divided into two (2) to get the total score for the year.

**Performance Rating**

- Descriptive Scale and Adjectival rating
- 4.50 – 5.00= Outstanding
  - 3.50–4.49= Very Satisfactory
  - 2.50 –3.49 =Satisfactory
  - 1.50 – 2.49 = Needs for improvement
  - 1.00 –1.49 = Marginal

The adjectival ratings are define as follows:

**OUTSTANDING.** An employee shall be given this rating when he exceeds his target by at least fifty percent (50%). It represents an extraordinary level of achievement and commitment in terms of quality and time, technical skills and knowledge, ingenuity, creativity and initiative. Employees at this performance level should have demonstrated exceptional job mastery in all major areas of responsibility. Employees with “Outstanding” performance ratings shall be consider for promotion and salary increase.

**VERY SATISFACTORY.** An employee shall be given this rating when he/she exceeds the expected output/performance by at least 25% but falls short of what is considered an outstanding performance. Employees with “Very Satisfactory” performance ratings shall be consider for promotion and salary increase.

**SATISFACTORY.** An employee shall be given this rating when he/she meets one hundred percent (100%) the standard or ordinary requirements of the duties of the position.

**Needs for Improvement.** An employee shall be given this rating when his/her performance is fiftyone percent to ninety-nine percent (51%-99%) of the minimum requirements but could stand improvement. It was expected that in the next rating period the employee, under close supervision, should either improve his/her performance for which he/she shall be given a “Satisfactory” or higher rating. Two (2) successive “Needs for Improvement” rating shall be a ground for separation from the service.

**Marginal.** An employee shall be given this rating when he/she fails to meet performance requirements or meets fifty percent or below of the minimum requirements and there is no evidence to show that he/she can improve his/her performance. Two (2) successive “Marginal” rating shall be a ground for separation from the service.

#### **WHEN TO GIVE AN OVERALL RATING OF “OUTSTANDING”**

An “Outstanding” rating can be recommended only by the rater when performance evaluation indicates that all of the following conditions are fulfilled:

1. In all aspects of his/her work, the employee exceeds requirements so far that he/she should be considered for commendation for each aspect;
2. It can be demonstrated the positive, constructive results have been achieved.
3. This performance is typical of the entire period over which the rating extends; and
4. It represents actual accomplishment rather than merely extra effort.

When the supervisor feels that he/she can justify each of the points mentioned above, he/she should attach to the performance report form the following:

1. Current job description;

2. Performance standards of satisfactory performance;
3. Statements describing specific performance during the rating period which sufficiently exceeded the standards and requirements (125%); and
4. Evidence to support above statements such as copies of production records, logbook, commendations, description of incidents of unusual results achieved.

## **SALARY INCREASE**

1. The Annual Evaluation result will be the basis of the annual salary Increase of the staff that will take effect on the succeeding year.
2. Only “Very Satisfactory” and “Outstanding” annual evaluation result will be considered for salary increase.
3. The SEDP MBA Board of Trustees will determine the percentage calculations of salary increase “Very Satisfactory” and “Outstanding”
4. The salary increase will take effect on January of the succeeding
5. If the staff reached the salary capped for the specific position, he/she will no longer be eligible for the monthly salary increase unless otherwise be promoted.

### How to compute for Salary Increase

1. To get the salary increase, the approved percentage increase that corresponds to the rating will be multiplied to the monthly salary of the staff.
2. To get the new monthly salary, the salary increase shall be added to the monthly salary of the staff.

### Example computation:

Staff Monthly Salary 11,043.78, Rating- Very Satisfactory, Approved Percentage Increase 2.5%

$11,043.78 \times 2.5\% = 276.09$  salary increase

$11,043.78 + 276.09 = 11,319.87$  is the new monthly salary of the staff

## **BONUS**

1. Bonus were given to staff that reached the salary capped (Annex A) allotted for the specific position
2. Only “Very Satisfactory” and “Outstanding” annual evaluation result will be considered for bonus.
3. The approved percentage increase that corresponds to the rating will be the basis for the computation



#### How to compute for Bonus

1. The approved percentage increase that corresponds the rating will be multiply to the monthly salary of the staff.
2. The monthly salary increase will be multiply to 12 that corresponds the months of the fiscal year.

#### Example computation:

Staff Monthly Salary 12,190.26, Rating- Very Satisfactory, Approved Percentage Increase 2.5%

$$12,190.26 \times 2.5\% = 304.75$$

$$304.75 \times 12 = 3,657.00 \text{bonus of the staff}$$

#### **TARGETED TRAINING AND ONGOING DEVELOPMENT**

The Employees performance evaluation result is use to identify targeted individual training and ongoing development sessions for the employees as a whole.

#### **TIMEFRAME TO ACTION PERFORMANCE RECOMMENDATIONS**

Recommendations consolidated from the performance evaluation result and feed backing will be actioned within a reasonably practicable timeframe.

#### **RESPONSIBILITY**

Responsibility for the implementation of this policy is held by the Board Governance Committee, including monitoring the implementation of recommendations from the performance evaluation process.

#### **RECORD KEEPING**

All employees performance evaluation tool shall be kept in their respective 201 file.

## **REVIEW OF POLICY**

This policy will be reviewed by the Board Governance Committee biennially or as required, in particular in light of relevant regulatory initiatives or any significant changes to Insurance Commission requirements or business objectives, to assess its continuing excellency. The Committee will recommend to the Board for its approval any necessary or desirable amendments to ensure the policy remains current and consistent with best practice and applicable law. The Board or the Board Governance Committee may seek expert third party advice in relation to the review.

GRADE	POSITION	STEP 1		STEP 2		STEP 3		STEP 4		STEP 5	
7	GENERAL MANAGER	39,063.08	39,551.37	40,039.66	40,540.15	41,040.65	41,553.66	42,066.66	42,592.50	43,118.33	43,657.31
6	ADMIN & FINANCE OFFICER/ OPERATIONS OFFICER	32,303.72	32,707.52	33,111.31	33,525.20	33,939.10	34,363.33	34,787.57	35,222.42	35,657.26	36,102.98
5	BOOKKEEPER 3, CAHIER 3, CLAIMS PROCESSOR 3 MANAGEMENT SUPPORT 2	23,950.47	24,249.85	24,549.23	24,856.10	25,162.96	25,477.50	25,792.04	26,114.44	26,436.84	26,767.30
4	MANAGEMENT SUPPORT 1, BOOKKEEPER 2, CASHIER 2, CLAIMS PROCESSOR 2	17,757.24	17,979.21	18,201.17	18,428.69	18,656.20	18,889.40	19,122.61	19,361.64	19,600.67	19,845.68
3	BOOKKEEPER 1, CASHIER 1, CLAIMS PROCESSOR 1	13,165.49	13,330.06	13,494.63	13,663.31	13,831.99	14,004.89	14,177.79	14,355.02	14,532.24	14,713.89
2	ASSISTANT	9,761.09	9,883.10	10,005.12	10,130.18	10,255.25	10,383.44	10,511.63	10,643.02	10,774.42	10,909.10
1	CLERK	7,588.33	7,683.18	7,778.04	7,875.26	7,972.49	8,072.15	8,171.80	8,273.95	8,376.10	8,480.80

GRADE	POSITION	STEP 6		STEP 7		STEP 8		STEP 9		STEP 10
7	GENERAL MANAGER	44,196.29	44,748.74	45,301.20	45,867.46	46,433.73	47,014.15	47,594.57	48,189.50	48,784.43
6	ADMIN & FINANCE OFFICER/ OPERATIONS OFFICER	36,548.69	37,005.55	37,462.41	37,930.69	38,398.97	38,878.96	39,358.95	39,850.93	40,342.92
5	BOOKKEEPER 3, CAHIER 3, CLAIMS PROCESSOR 3 MANAGEMENT SUPPORT 2	27,097.76	27,436.48	27,775.20	28,122.39	28,469.58	28,825.45	29,181.32	29,546.09	29,910.86
4	MANAGEMENT SUPPORT 1, BOOKKEEPER 2, CASHIER 2, CLAIMS PROCESSOR 2	20,090.69	20,341.82	20,592.95	20,850.37	21,107.78	21,371.63	21,635.47	21,905.92	22,176.36
3	BOOKKEEPER 1, CASHIER 1, CLAIMS PROCESSOR 1	14,895.54	15,081.74	15,267.93	15,458.78	15,649.63	15,845.25	16,040.87	16,241.38	16,441.89
2	ASSISTANT	11,043.78	11,181.82	11,319.87	11,461.37	11,602.87	11,747.90	11,892.94	12,041.60	12,190.26
1	CLERK	8,585.50	8,692.82	8,800.14	8,910.14	9,020.14	9,132.89	9,245.64	9,361.21	9,476.78

<https://www.pup.edu.ph/downloads/files/PESforAdministrativeAndDesignees.pdf>