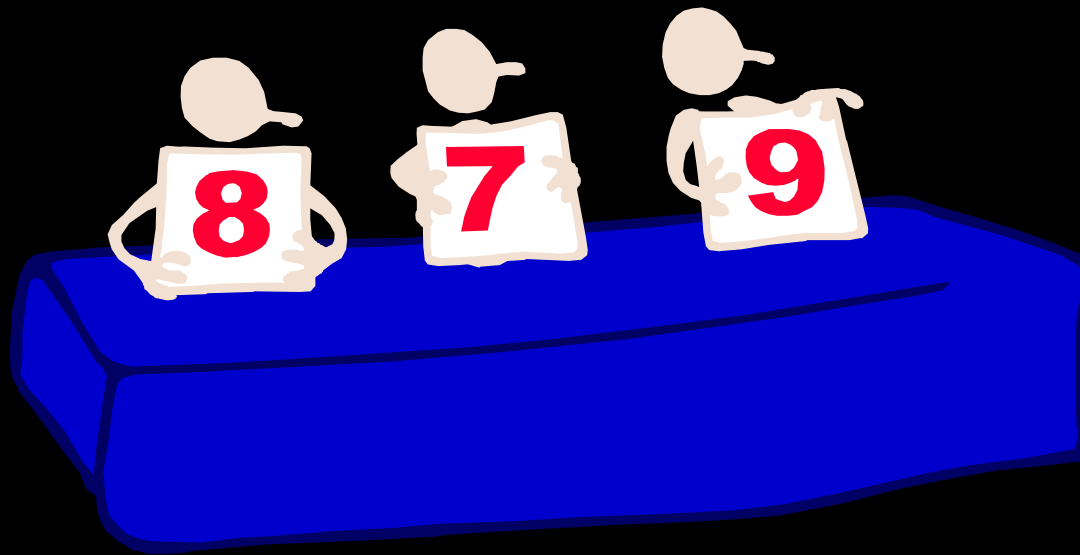
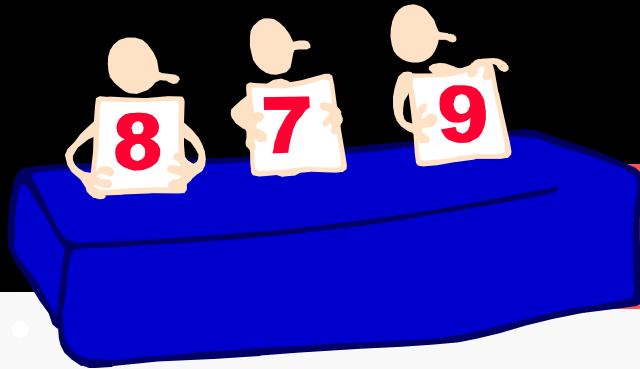


# 7

## Appraising and Managing Performance



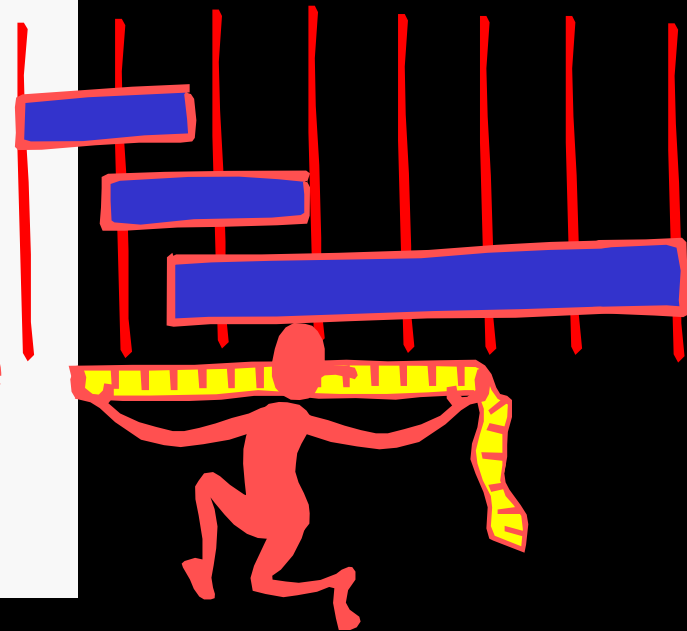


## Challenges to HR

- What are advantages / disadvantages of performance rating systems?
- What is the impact of emotion, rating error and bias in performance appraisals?
- How can performance appraisals manage and develop employee performance?

# Performance Appraisals

The identification, measurement and management of human performance in organizations.



# Dimension

An aspect of performance  
that determines effective  
job performance.



# Performance Appraisal Benefits to Employer

- **Individual differences make a difference to company performance.**
- **Documentation of performance may be needed for legal defense.**
- **Appraisal provides basis for bonus or merit system.**
- **Appraisal dimensions and standards help implement strategic goals and clarify performance expectations.**
- **Appraisal criteria can include teamwork.**

# **Performance Appraisal Benefits to Employee**

- **Improvement in performance requires assessment.**
- **Differences in worker performance should have an effect on merit and work itself.**
- **Assessment and recognition of performance levels can motivate workers to improve their performance.**

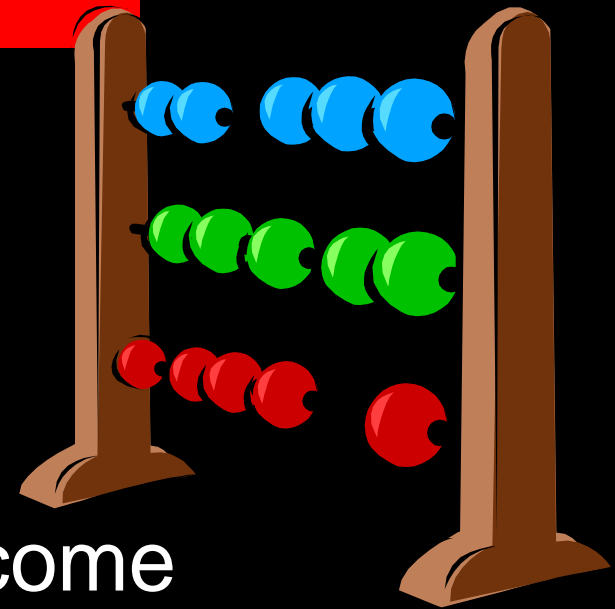
# Measurement Tools

**Judgment required**

Relative or absolute

**Focus of measure**

Trait, behavior, or outcome



## **Relative Judgment**

**Compare or rank employee's performance to performance of other employees doing the same job.**

## **Absolute Judgment**

**Make judgments about employee's performance based solely on performance standards.**



# Ranked Performance of Teams

<b>Actual</b>	<b>Ranked Work</b>	<b>Ranked Work</b>	<b>Ranked Work</b>
<b>10 High</b>		<b>Jill (1)</b>	<b>Frank (1)</b>
<b>9</b>			<b>Julie (2)</b>
<b>8</b>		<b>Zehra (2)</b>	<b>Taylor (3)</b>
<b>7</b>	<b>Marcos (1)</b>	<b>John (3)</b>	
<b>6</b>	<b>Tamiko (2)</b>		
<b>5</b>			
<b>4</b>		<b>Jocyln (4)</b>	
<b>3</b>	<b>Joyce (3)</b>		<b>Bob (4)</b>
<b>2</b>	<b>Ed (4)</b>	<b>Bill (5)</b>	<b>Ken (5)</b>
<b>1 Low</b>	<b>Richard (5)</b>		



## Trait Appraisal

**Make judgments about worker characteristics that tend to be consistent and enduring.**

# Trait Scales

Rate each worker using the scales below.

**Decisiveness:**

1      2      3              4              5                      6              7  
Very low                      Moderate                      Very high

**Energy:**

1              2              3              4              5              ~~6~~              7  
Very low                      Moderate                      Very high

# Behavioral Appraisal

An appraisal tool that asks managers to assess a worker's behaviors.

e.g. Work habits - tardiness, obeys policies, timely work completion, does not interfere in work of others

o Exceeds exp   ~~o Meets exp~~   o Does not meet exp

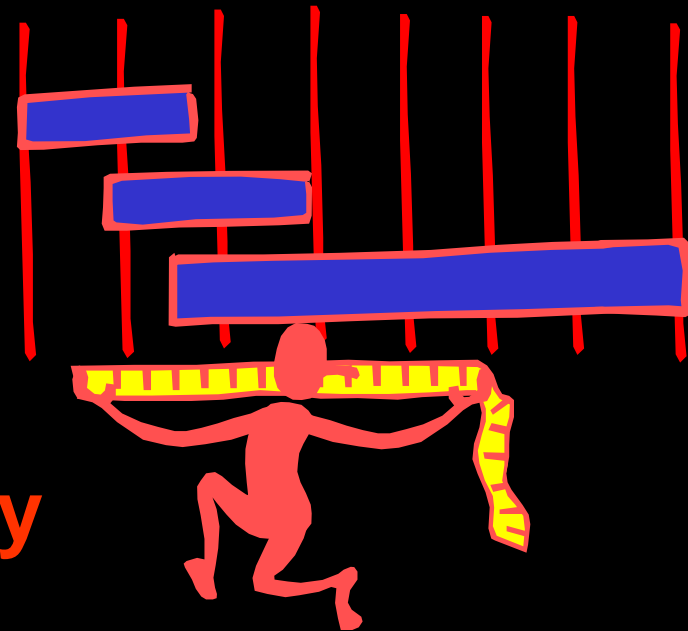
# Outcome Appraisal

An appraisal tool that asks managers to assess the results achieved by workers.

	Exc	Good	Poor
e.g., timely	<u>X</u>	_____	_____
thorough	_____	<u>X</u>	_____
professional	<u>X</u>	_____	_____
insightful	_____	_____	<u>X</u>

# Challenges to Effective Performance Measurement

- Rater errors and bias
  - Influence of liking
  - Halo/Horns
  - Politics
  - Leniency and recency
- Legal issues
- Individual or group



# Legal Issues

Analysis of 295 court cases involving performance appraisal found judges' decisions were favorably influenced by the following:

- **Use of job analysis**
- **Written instructions**
- **Allowing employees to review appraisal**
- **Agreement among multiple raters (if more than one was used)**
- **Evidence of rater training**

# Communication in Performance Appraisals uses...

**Direct eye contact**

**Active listening**

**Open - ended questions**

**Paraphrasing to clarify**

**Empathy and sensitivity**





# What causes problems at work?

- **Poor coordination of work activities**
- **Inadequate information or instructions**
- **Low-quality materials**
- **Lack of necessary resources**
- **Poor supervision**
- **Poor interpersonal communication**
- **Inadequate training**
- **Insufficient time to produce**
- **Poor work environment (cold, noisy)**

# Identify and Correct Ability Problems

- **Has the worker ever been able to perform adequately?**
- **Can others perform the job adequately, but not this worker?**

**Train  
Redesign job**

**Transfer  
Terminate**

# Identify and Correct Effort Problems

- Clarify linkage between performance and rewards
- Recognize and reward good performance

# Identify and Correct Situational Problems

**Do performance problems exist in  
*all* workers,  
even those with proper supplies /  
equipment?**



**360 degree  
feedback**

**The  
combination  
of peer,  
subordinate,  
and  
self-review**

# 360 degree Process



- **Sanctioned from the top**
- **Involve employees / managers in developing appraisal criteria / process**
- **Train employees how to give feedback**
- **Inform employees of the process**
- **Pilot test in part of organization**
- **Reinforce goals of 360° appraisal**
- **Revise process when necessary**