



Comparing Performance Appraisal and Performance Management

- Performance appraisal
 - Evaluating an employee's current and/or past performance relative to his or her performance standards.
- Performance management
 - The process employers use to make sure employees are working toward organizational goals.



Why Performance Management?

- Increasing use by employers of performance management reflects:
 - The popularity of the total quality management (TQM) concepts.
 - The belief that traditional performance appraisals are often not just useless but counterproductive.
 - The necessity in today's globally competitive industrial environment for every employee's efforts to focus on helping the company to achieve its strategic goals.



An Introduction to Appraising Performance

- Why appraise performance?
 - Appraisals play an integral role in the employer's performance management process.
 - Appraisals help in planning for correcting deficiencies and reinforce things done correctly.
 - Appraisals, in identifying employee strengths and weaknesses, are useful for career planning
 - Appraisals affect the employer's salary raise decisions.



The Components of an Effective Performance Management Process

- *Direction sharing*
- *Role clarification*
- *Goal alignment*
- *Developmental goal setting*
- *Ongoing performance monitoring*
- *Ongoing feedback*
- *Coaching and support*
- *Performance assessment (appraisal)*
- *Rewards, recognition, and compensation*

Figure 9-2



Defining Goals and Work Efforts

- Guidelines for effective goals
 - Assign specific goals
 - Assign measurable goals
 - Assign challenging but doable goals
 - Encourage participation
- SMART goals are:
 - **S**pecific, and clearly state the desired results.
 - **M**easurable in answering “how much.”
 - **A**ttainable, and not too tough or too easy.
 - **R**elevant to what’s to be achieved.
 - **T**imely in reflecting deadlines and milestones.



Performance Appraisal Roles

■ Supervisors

- Usually do the actual appraising.
- Must be familiar with basic appraisal techniques.
- Must understand and avoid problems that can cripple appraisals.
- Must know how to conduct appraisals fairly.



Performance Appraisal Roles (cont'd)

■ HR department

- Serves a policy-making and advisory role.
- Provides advice and assistance regarding the appraisal tool to use.
- Prepares forms and procedures and insists that all departments use them.
- Responsible for training supervisors to improve their appraisal skills.
- Responsible for monitoring the system to ensure that appraisal formats and criteria comply with EEO laws and are up to date.



Steps in Appraising Performance

- Defining the job
 - Making sure that you and your subordinate agree on his or her duties and job standards.
- Appraising performance
 - Comparing your subordinate's actual performance to the standards that have been set; this usually involves some type of rating form.
- Providing feedback
 - Discussing the subordinate's performance and progress, and making plans for any development required.



Designing the Appraisal Tool

- What to measure?
 - Work output (quality and quantity)
 - Personal competencies
 - Goal (objective) achievement
- How to measure?
 - Graphic rating scales
 - Alternation ranking method
 - MBO



Performance Appraisal Methods

- Graphic rating scale

- A scale that lists a number of traits and a range of performance for each that is used to identify the score that best describes an employee's level of performance for each trait.



Performance Appraisal Methods (cont'd)

- Alternation ranking method
 - Ranking employees from best to worst on a particular trait, choosing highest, then lowest, until all are ranked.
- Paired comparison method
 - Ranking employees by making a chart of all possible pairs of the employees for each trait and indicating which is the better employee of the pair.



Performance Appraisal Methods (cont'd)

■ Forced distribution method

- Similar to grading on a curve; predetermined percentages of rates are placed in various performance categories.
- Example:
 - 15% high performers
 - 20% high-average performers
 - 30% average performers
 - 20% low-average performers
 - 15% low performers

■ Narrative Forms



Performance Appraisal Methods (cont'd)

- Behaviourally anchored rating scale (BARS)
 - An appraisal method that uses quantified scale with specific narrative examples of good and poor performance.
- Developing a BARS:
 - Generate critical incidents
 - Develop performance dimensions
 - Reallocate incidents
 - Scale the incidents
 - Develop a final instrument



Performance Appraisal Methods (cont'd)

- Advantages of using a BARS
 - A more accurate gauge
 - Clearer standards
 - Feedback
 - Independent dimensions
 - Consistency



Management by Objectives (MBO)

- Involves setting specific measurable goals with each employee and then periodically reviewing the progress made.
 - Set the organization's goals.
 - Set departmental goals.
 - Discuss departmental goals.
 - Define expected results (set individual goals).
 - Performance reviews.
 - Provide feedback.



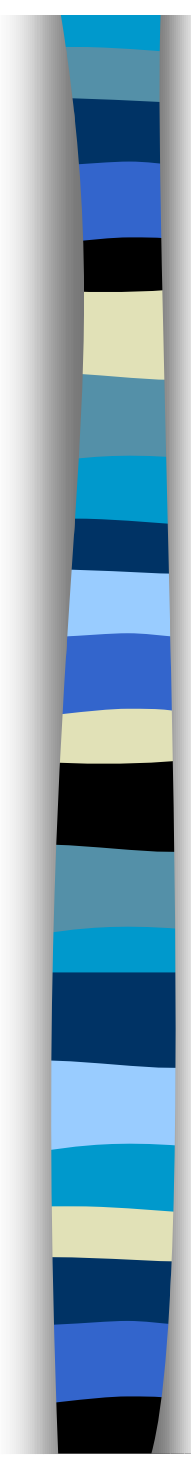
Computerized and Web-Based Performance Appraisal

- Performance appraisal software programs
 - Keep notes on subordinates during the year.
 - Electronically rate employees on a series of performance traits.
 - Generate written text to support each part of the appraisal.
- Electronic performance monitoring (EPM)
 - Having supervisors electronically monitor the amount of computerized data an employee is processing per day, and thereby his or her performance.



Potential Rating Scale Appraisal Problems

- Unclear standards
 - An appraisal that is too open to interpretation.
- Halo effect
 - Occurs when a supervisor's rating of a subordinate on one trait biases the rating of that person on other traits.
- Central tendency
 - A tendency to rate all employees the same way, such as rating them all average.



Potential Rating Scale Appraisal Problems (cont'd)

- **Strictness/leniency**

- The problem that occurs when a supervisor has a tendency to rate all subordinates either high or low.

- **Bias**

- The tendency to allow individual differences such as age, race, and sex to affect the appraisal ratings employees receive.



How to Avoid Appraisal Problems

- Learn and understand the potential problems, and the solutions for each.
- Use the right appraisal tool. Each tool has its own pros and cons.
- Train supervisors to reduce rating errors such as halo, leniency, and central tendency.
- Have raters compile positive and negative critical incidents as they occur.



Who Should Do the Appraising?

- The immediate supervisor
- Peers
- Rating committees
- Self-ratings
- Subordinates
- 360-Degree feedback



The Appraisal Interview

- Types of appraisal interviews
 - Satisfactory—Can be promoted
 - Satisfactory—Cannot be promoted
 - Unsatisfactory—Correctable
 - Unsatisfactory—Uncorrectable
- How to conduct the appraisal interview
 - Talk in terms of objective work data.
 - Don't get personal.
 - Encourage the person to talk.
 - Don't tiptoe around.



The Appraisal Interview (cont'd)

- How to handle a defensive subordinate
 - Recognize that defensive behaviour is normal.
 - Never attack a person's defenses.
 - Postpone action.
 - Recognize your own limitations.



The Appraisal Interview (cont'd)

■ How to criticize a subordinate

- Do it in a manner that lets the person maintain his or her dignity and sense of worth.
- Criticize in private, and do it constructively.
- Avoid once-a-year “critical broadsides” by giving feedback on a daily basis, so that the formal review contains no surprises.
- Never say the person is “always” wrong.
- Criticism should be objective and free of any personal biases on your part.



The Appraisal Interview (cont'd)

- How to ensure the interview leads to improved performance
 - Don't make the subordinate feel threatened during the interview.
 - Give the subordinate the opportunity to present his or her ideas and feelings and to influence the course of the interview.
 - Have a helpful and constructive supervisor conduct the interview.
 - Offer the subordinate the necessary support for development and change.



The Appraisal Interview (cont'd)

- How to handle a formal written warning
 - Purposes of the written warning
 - To shake your employee out of bad habits.
 - Help you defend your rating, both to your own boss and (if needed) to the courts.
 - Written warnings should:
 - Identify standards by which employee is judged.
 - Make clear that employee was aware of the standard.
 - Specify deficiencies relative to the standard.
 - Indicates employee's prior opportunity for correction.



Creating the Total Performance Management Process

- “What is our strategy and what are our goals?”
- “What does this mean for the goals we set for our employees, and for how we train, appraise, promote, and reward them?”
- What will be the technological support requirements?