

Human Resource Management

Prepared by Dr. Anas M. Bashayreh

HRM 611

Lecture 7





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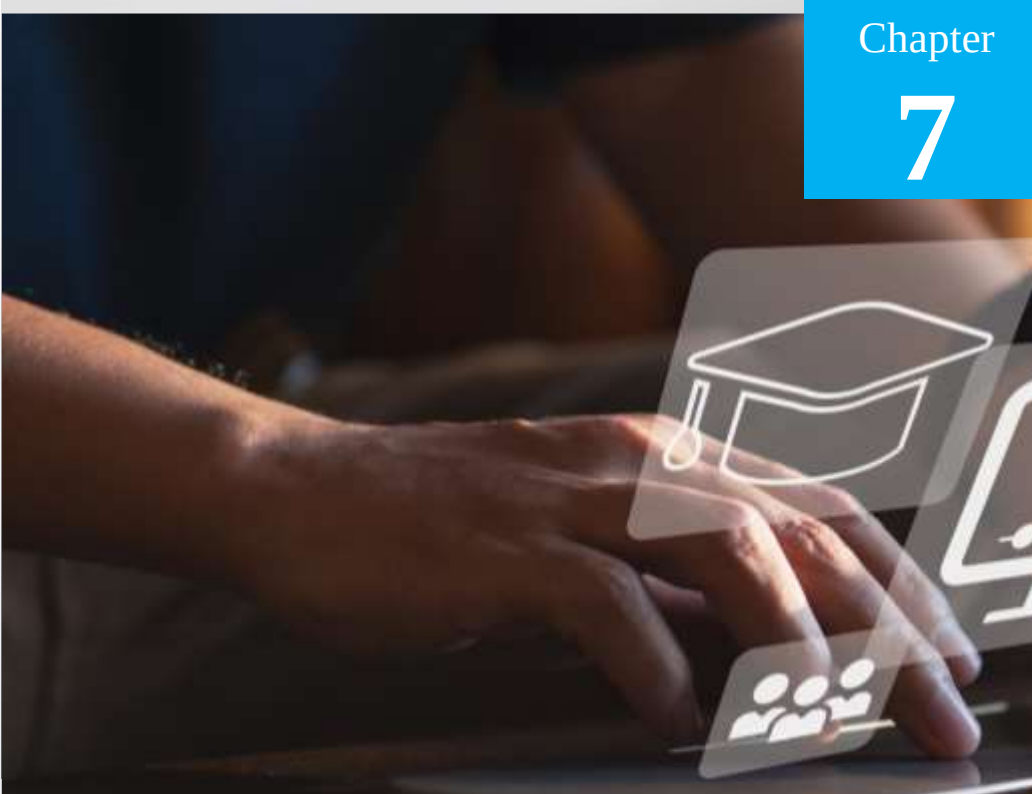
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Performance Management and Appraisal

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Chapter
7**Performance Management and Appraisal**

The purpose of this chapter is to show you how to do that. The main topics we cover include the performance appraisal process, appraisal methods, appraisal performance problems and solutions, performance management, and the appraisal interview.



Chapter

7

LEARNING OUTCOMES

1. Define performance management and discuss how it differs from performance appraisal.
2. Set effective performance appraisal standards.
3. Describe the appraisal process.
4. Develop, evaluate, and administer at least four performance appraisal tools.
5. Explain and illustrate the problems to avoid in appraising performance.
6. Discuss the pros and cons of using different raters to appraise a person's performance.

Chapter
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Basic Concepts in Performance Management and Appraisal

Performance Appraisal

Setting work standards, assessing performance, and providing feedback to employees to motivate, correct, and continue their performance.

Performance Management

An integrated approach to ensuring that an employee's performance supports and contributes to the organization's strategic aims.

Why Appraise Performance?

There are five reasons to appraise subordinates' performance

- First, most employers still base pay, promotion, and retention decisions on the employee's appraisal.
- Second, appraisals play a central role in the employer's performance management process.
- Third, the appraisal lets you and the subordinate develop a plan for correcting any deficiencies, and to reinforce the things the subordinate does right.
- Fourth, appraisals should facilitate career planning. They provide an opportunity to review the employee's career plans in light of his or her exhibited strengths and weaknesses.
- Finally, supervisors use appraisals to identify employees training and development needs.

Performance Management

Recognizing this, many employers today take a more continuous approach to the performance appraisal cycle. Instead, teams of employees monitor their own results, even posting individual daily performance metrics. In frequent meetings, they continuously align those results with the work teams standards and with the plant's overall quality and productivity needs. They do this by continuously adjusting how they and their team members do things. Team members who need coaching and training receive it, and procedures that need changing are changed. This is performance management in action.

Defining the Employee's Goals and Work Standards



HR IN PRACTICE: HOW TO SET EFFECTIVE GOALS

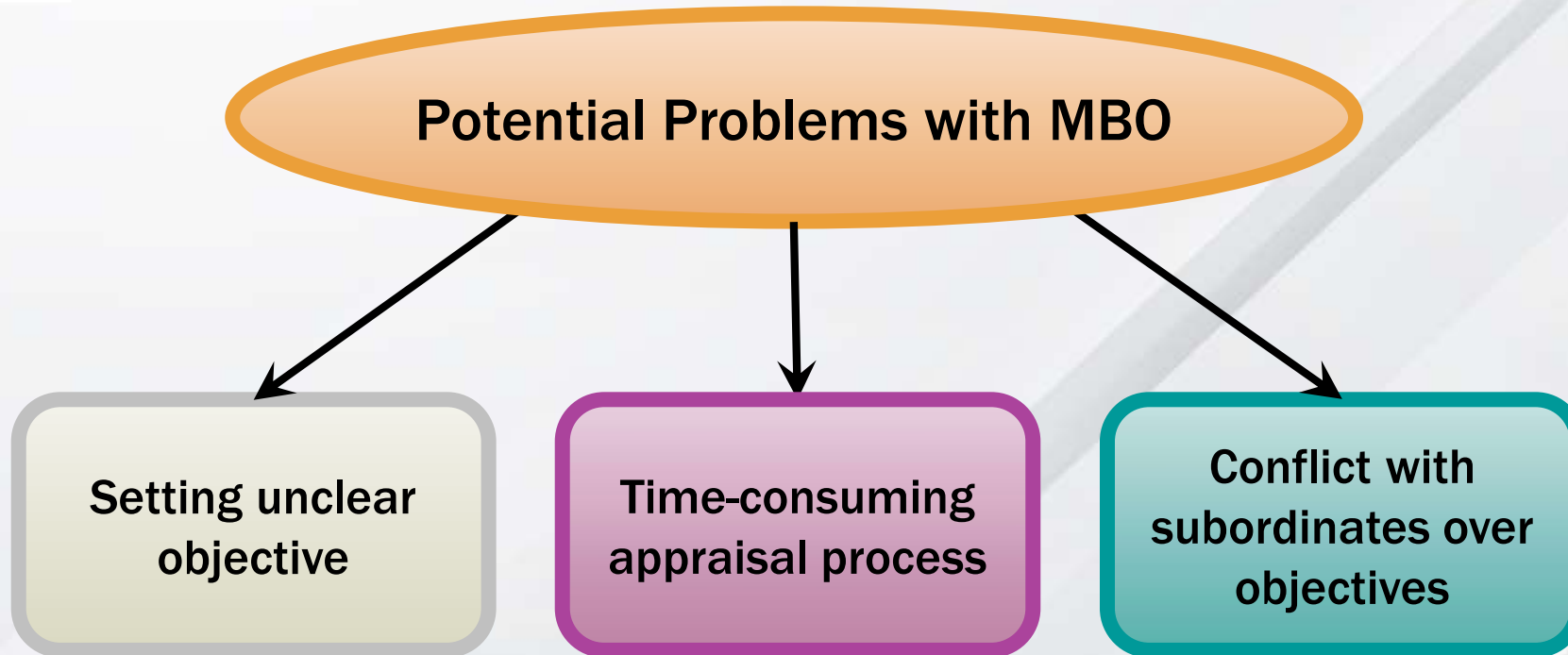
Behavioral science research studies suggest four guidelines for setting performance goals:

- Assign specific goals. Employees who receive specific goals usually perform better than those who do not.
- Assign measurable goals. Put goals in quantitative terms and include target dates or deadlines.
- Assign challenging but doable goals. Goals should be challenging, but not so difficult that they appear impossible or unrealistic.
- Encourage participation.

Setting SMART Goals

- **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.

Using MBO



An Introduction to Appraising Performance

Why Appraise Performance?

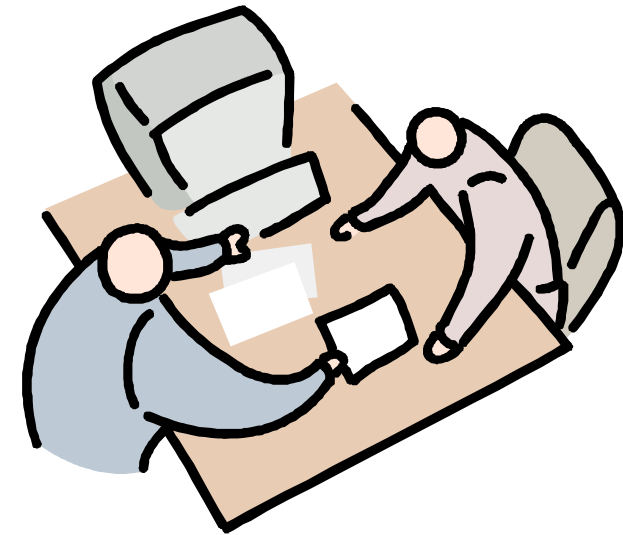
- ① → Is basis for pay and promotion decisions.
- ② → Plays an integral role in performance management.
- ③ → Helps in correcting deficiencies and reinforcing good performance.
- ④ → Is useful in career planning.

(Un)Realistic Appraisals

- Motivations for Soft Appraisals
 - The fear of having to hire and train someone new.
 - The unpleasant reaction of the appraisee.
 - An appraisal process that's not conducive to candor.
- Hazards of Soft Appraisals
 - Employee loses the chance to improve before being discharged or forced to change jobs.
 - Lawsuits arising from dismissals involving inaccurate performance appraisals.

Performance Appraisal Roles

- The Supervisor's Role
 - 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)

- The HR Department's Role
 - Serves a policy-making and advisory role.
 - Provides advice and assistance regarding the appraisal tool to use.
 - Trains supervisors to improve their appraisal skills.
 - Monitors the appraisal system effectiveness and compliance with EEO laws.



Effectively Appraising Performance

Steps in Appraising Performance

- ① → Defining the job and performance criteria
- ② → Appraising performance
- ③ → Providing feedback session



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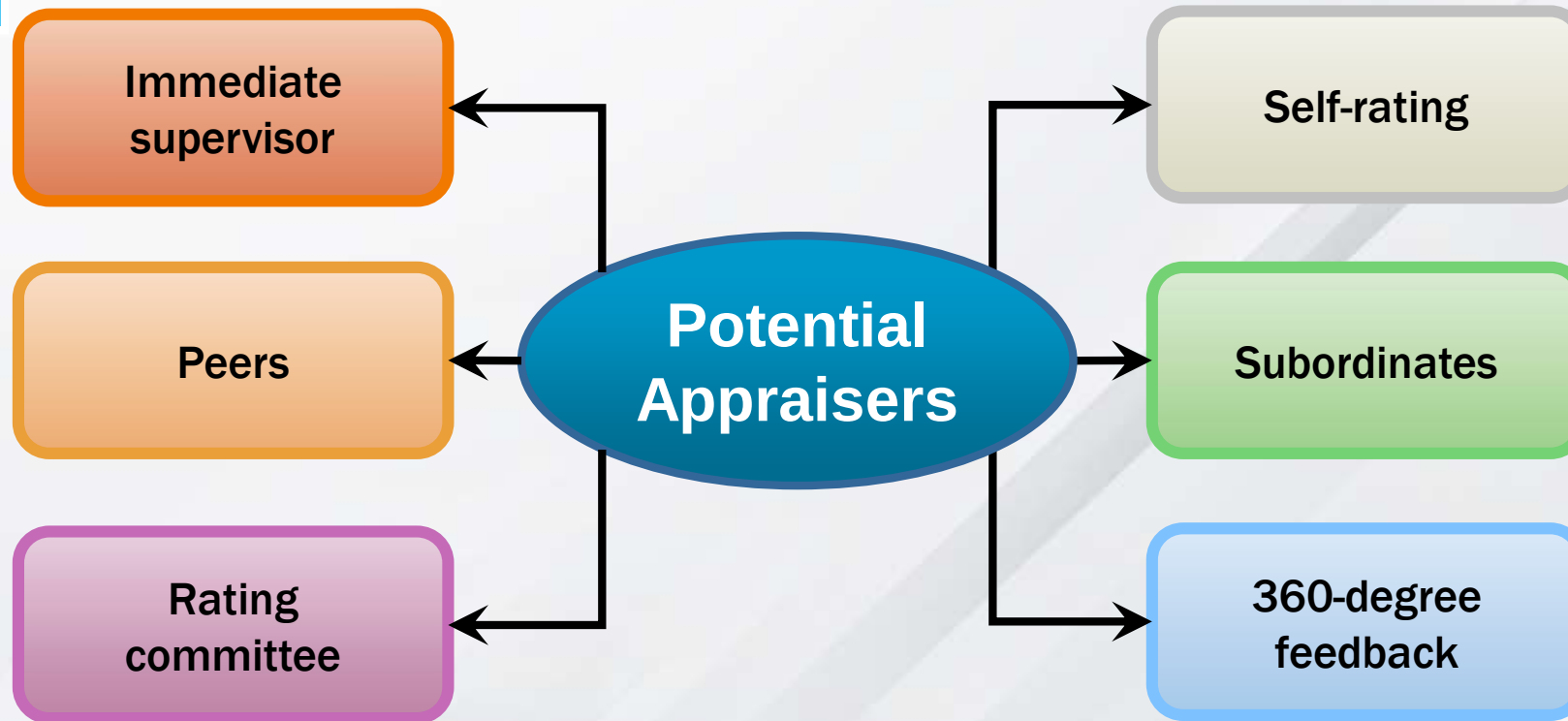
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Designing the Appraisal Tool

- What to Measure?
 - Work output (quality and quantity)
 - Personal competencies
 - Goal (objective) achievement
- How to Measure?
 - Generic dimensions
 - Actual job duties
 - Behavioral competencies



Who Should Do the Appraising?



Performance Appraisal Methods

Appraisal Methodologies

-
- 1 → Graphic rating scale
 - 2 → Alternation ranking
 - 3 → Paired comparison
 - 4 → Forced distribution
 - 5 → Critical incident
 - 6 → Narrative forms
 - 7 → Behaviorally anchored rating scales (BARS)
 - 8 → Management by objectives (MBO)
 - 9 → Computerized and Web-based performance appraisal
 - 10 → Merged methods

Behaviorally Anchored Rating Scale (BARS)

Developing a BARS

1. Write critical incidents
2. Develop performance dimensions
3. Reallocate incidents
4. Scale the incidents
5. Develop a final instrument

Advantages of BARS

- A more accurate gauge
- Clearer standards
- Feedback
- Independent dimensions
- Consistency

Management by Objectives (MBO)

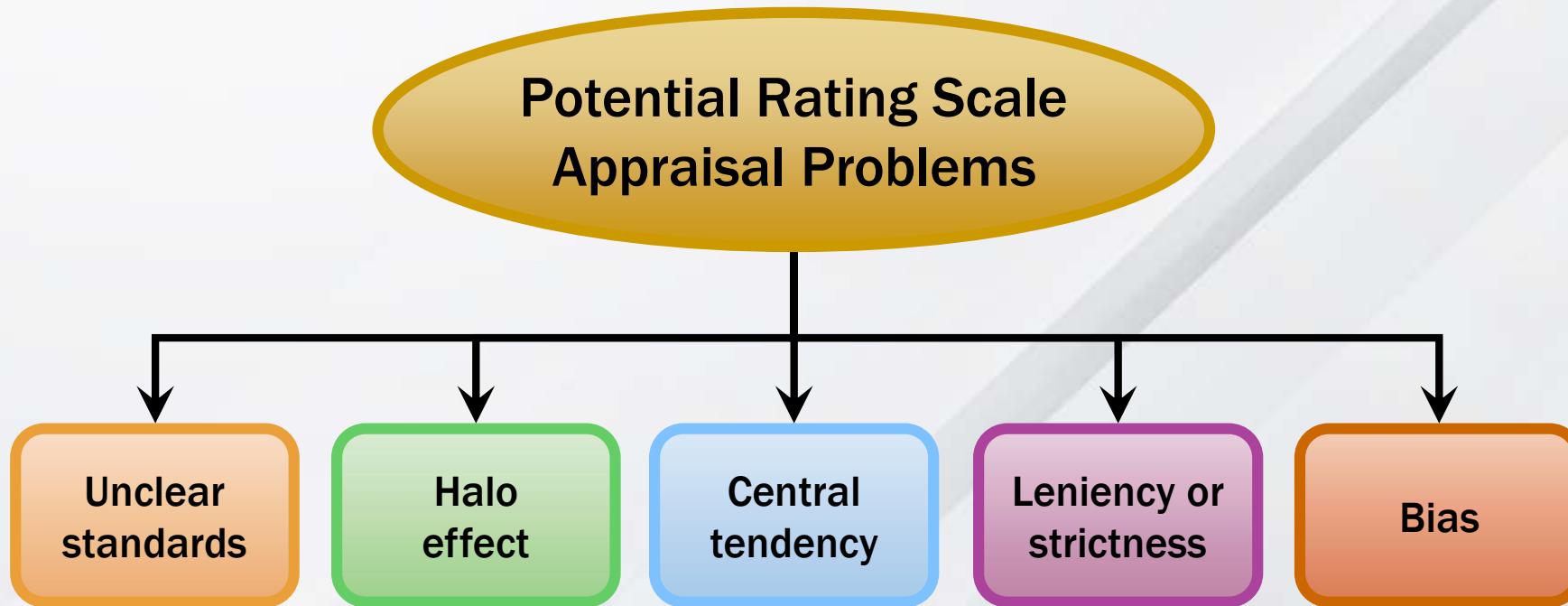
- A comprehensive and formal organization wide goal-setting and appraisal program requiring:
 1. Setting of organization's goals
 2. Setting of departmental goals
 3. Discussion of departmental goals
 4. Defining expected results (setting individual goals)
 5. Conducting periodic performance reviews
 6. Providing performance feedback

Computerized and Web-Based Performance Appraisal Systems

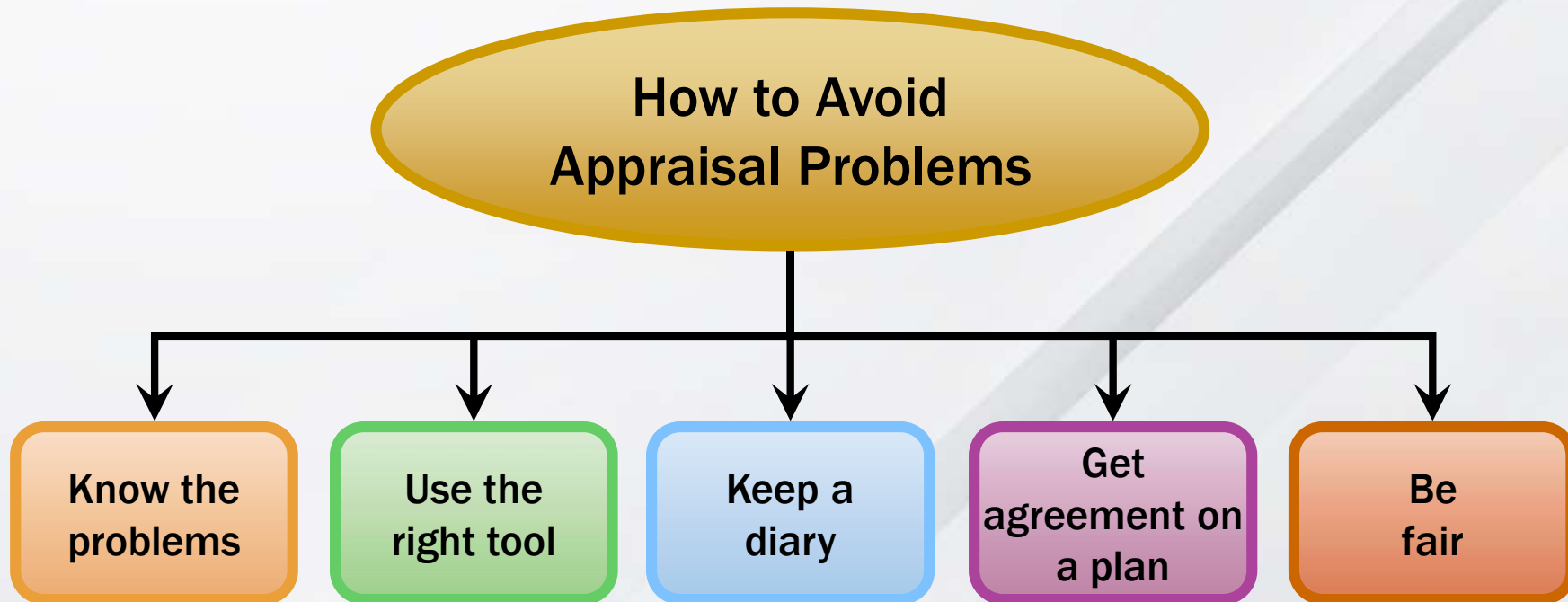
- Allow managers to keep notes on subordinates.
- Notes can be merged with employee ratings.
- Software generates written text to support appraisals.
- Allows for employee self-monitoring and self-evaluation.
- Electronic Performance Monitoring (EPM) Systems
 - Use computer network technology to allow managers access to their employees' computers and telephones.
 - Managers can monitor the employees' rate, accuracy, and time spent working online.

Tool	Advantages	Disadvantages
Graphic rating scale	Simple to use; provides a quantitative rating for each employee.	Standards may be unclear; halo effect, central tendency, leniency, bias can also be problems.
BARS	Provides behavioral “anchors.” BARS is very accurate.	Difficult to develop.
Alternation ranking	Simple to use (but not as simple as graphic rating scales). Avoids central tendency and other problems of rating scales.	Can cause disagreements among employees and may be unfair if all employees are, in fact, excellent.
Forced distribution method	End up with a predetermined number or % of people in each group.	Employees’ appraisal results depend on your choice of cutoff points.
Critical incident method	Helps specify what is “right” and “wrong” about the employee’s performance; forces supervisor to evaluate subordinates on an ongoing basis.	Difficult to rate or rank employees relative to one another.
MBO	Tied to jointly agreed-upon performance objectives.	Time-consuming.

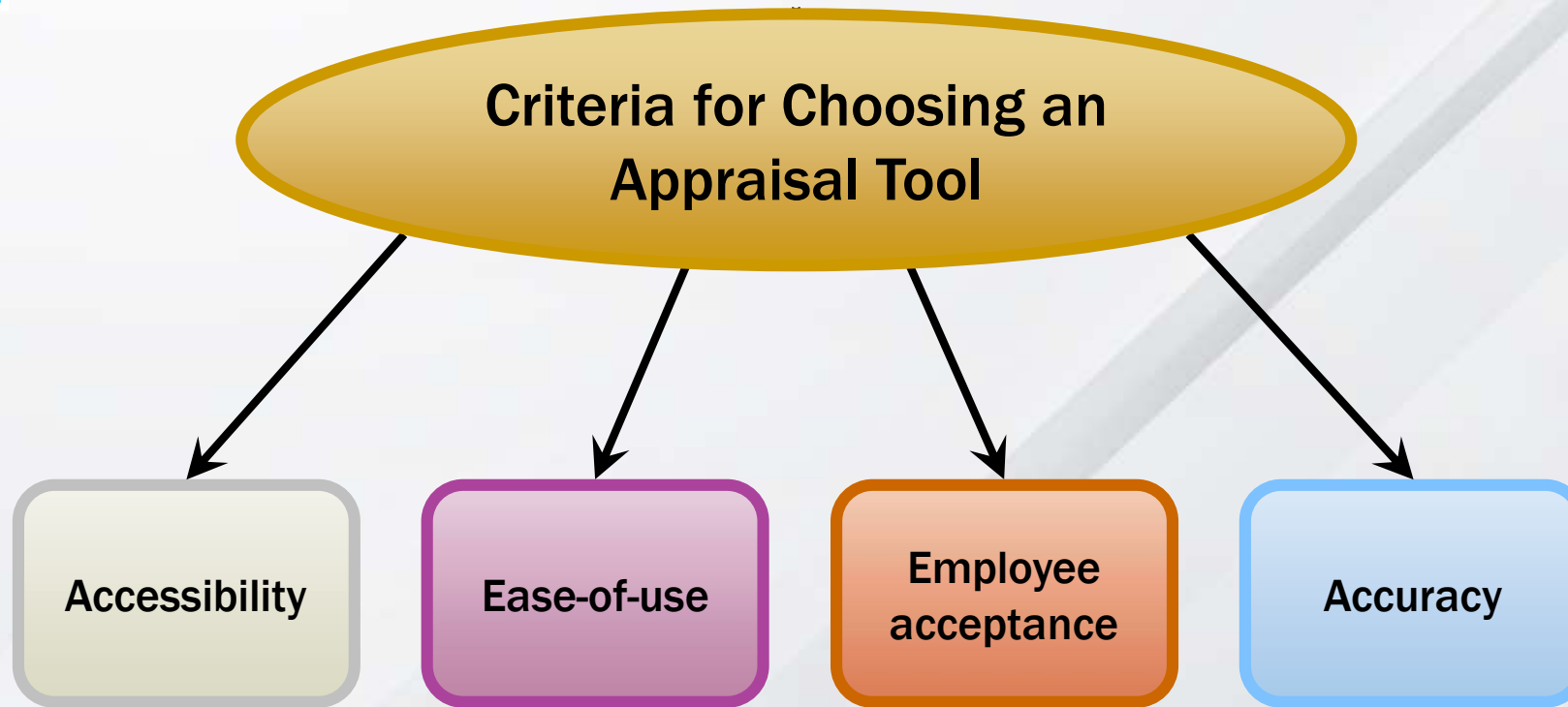
Dealing with Performance Appraisal Problems



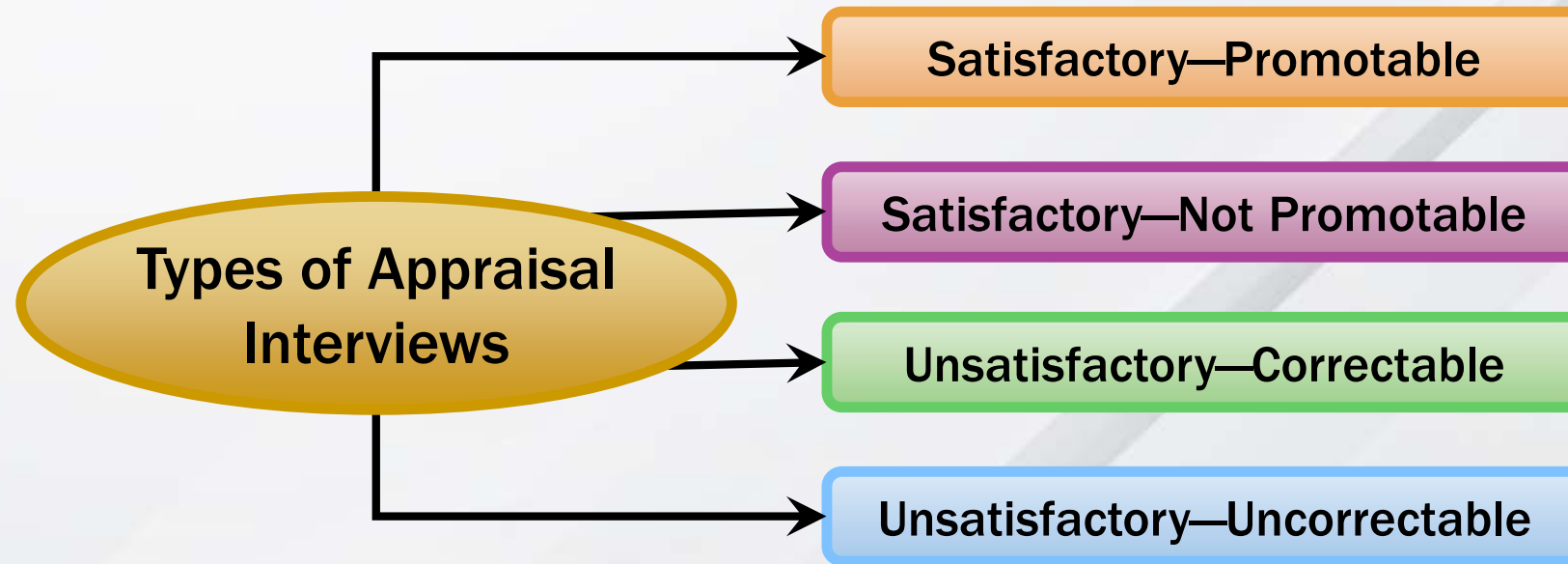
Guidelines for Effective Appraisals



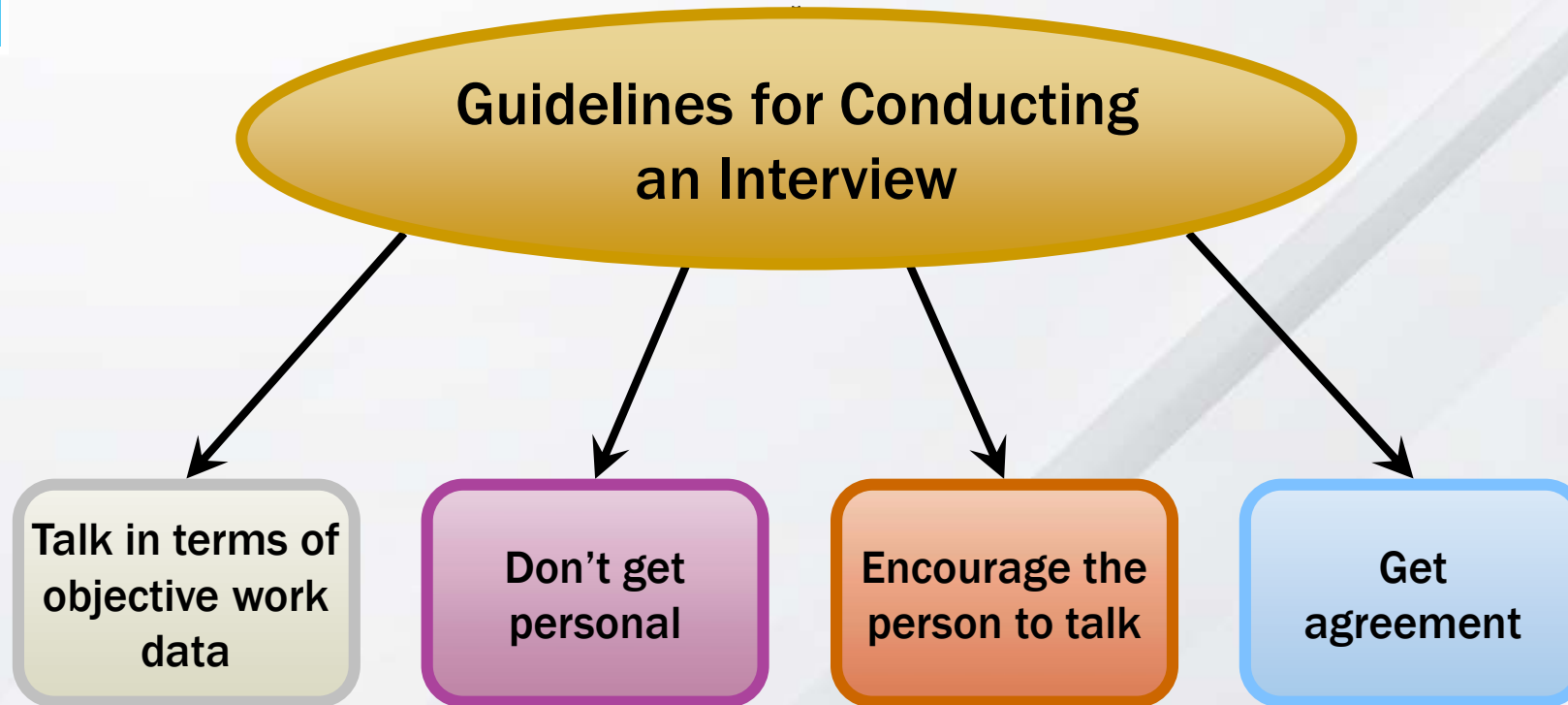
Choosing the Right Appraisal Tool



The Appraisal Interview



Appraisal Interview Guidelines



FIGURE**Checklist During
Appraisal Interview****CHECKLIST DURING THE APPRAISAL INTERVIEW**

	Yes	No
• Did you discuss each goal or objective established for this employee?	☐	☐
• Are you and the employee clear on the areas of agreement? disagreement?	☐	☐
• Did you and the employee cover all positive skills, traits, accomplishments, areas of growth, etc.? Did you reinforce the employee's accomplishments?	☐	☐
• Did you give the employee a sense of what you thought of his or her potential or ability?	☐	☐
• Are you both clear on areas where improvement is required? expected? demanded? desired?	☐	☐
• What training or development recommendations did you agree on?	☐	☐
• Did you indicate consequences for noncompliance, if appropriate?	☐	☐
• Did you set good objectives for the next appraisal period?	☐	☐
• Objective?	☐	☐
• Specific?	☐	☐
• Measurable?	☐	☐
• Did you set a standard to be used for evaluation?	☐	☐
• Time frame?	☐	☐
• Did you set a time for the next evaluation?	☐	☐
• Did you confirm what your part would be? Did the employee confirm his or her part?	☐	☐
• Did you thank the employee for his or her efforts?	☐	☐

Handling Defensive Responses

How to Handle a Defensive Subordinate

- ① → Recognize that defensive behavior is normal.
- ② → Never attack a person's defenses.
- ③ → Postpone action.
- ④ → Recognize your own limitations.

How to Deliver Criticism

How to Criticize a Subordinate

- ① → Do it in a manner that lets the person maintain his or her dignity and sense of worth.
- ② → Criticize in private, and do it constructively.
- ③ → Give daily feedback so that the review has no surprises.
- ④ → Never say the person is “always” wrong.
- ⑤ → Criticism should be objective and free of biases.

Formal Written Warnings

- Purposes of a Written Warning
 - To shake your employee out of bad habits.
 - To help you defend your rating, both to your own boss and (if needed) to the courts.
- A Written Warning Should:
 - Identify standards by which employee is judged.
 - Make clear that employee was aware of the standard.
 - Specify deficiencies relative to the standard.
 - Indicate employee's prior opportunity for correction.

Performance Management

- Performance Management
 - Is the continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning their performance with the organization's goals.
- How Performance Management Differs From Performance Appraisal
 - A continuous process for continuous improvement
 - A strong linkage of individual and team goals to strategic goals
 - A constant reevaluation and modification of work processes

Basic Building Blocks of Performance Management

Direction sharing

Goal
alignment

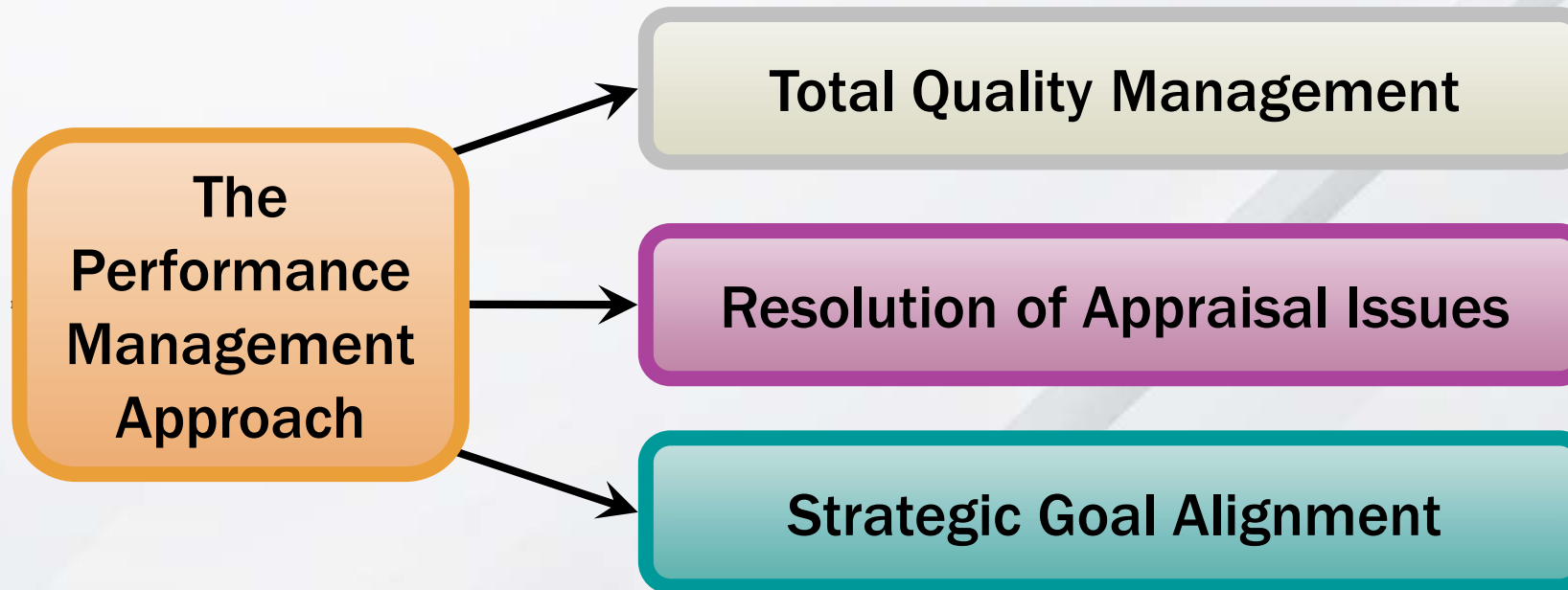
Ongoing
performance
monitoring

Ongoing
feedback

Coaching and
development
support

Rewards,
recognition, and
compensation

Why Performance Management?



Using Information Technology to Support Performance Management

- Assign financial and nonfinancial goals to each team's activities along the strategy map chain of activities leading up to the company's overall strategic goals.
- Inform all employees of their goals.
- Use IT-supported tools like scorecard software and digital dashboards to continuously monitor and assess each team's and employee's performance.
- Take corrective action at once.

CHAPTER SUMMARY

1. Before appraising performance, managers should understand certain basic concepts in performance management and appraisal. Stripped to its essentials, performance appraisal involves setting work standards, assessing the employee's actual performance relative to those standards, and providing feedback to the employee. Managers should appraise employees based on the criteria previously assigned, and the actual standards should be specific, measurable, attainable, relevant, and timely.
2. There are several basic techniques managers use for appraising performance. Whichever tool you use, the appraisal should provide information on which to base pay and promotional decisions, clarify for the employee important company-relevant goals, develop a plan for correcting deficiencies, and support career planning. In terms of specific techniques, the graphic rating scale lists a number of traits and a range of performance for each. Managers use generic job dimensions such as quantity, or focus on the job's actual duties or on competencies/skills

1. What is the purpose of a performance appraisal?
2. Discuss the pros and cons of four performance appraisal tools.
3. Explain how you would use the alternation ranking method, the paired comparison method, and the forced distribution method.



Chapter
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DISCUSSION QUESTIONS



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Thank You



