

Human Resources Management

Robert L. Mathis | John H. Jackson

Prepared by Dr. Ibrahim Aboelseod

MGM 243

Lecture 06



PERFORMANCE MANAGEMENT AND APPRAISAL

Chapter
11

Lecture 06

MGM 243

Prepared by
Prepared by Dr. Ibrahim Aboelseod

www.midocean.ae

Human Resource Management

TENTH EDITON

Robert L. Mathis | John H. Jackson

Chapter 11

Performance Management and Appraisal



Chapter
11**LEARNING OBJECTIVES**

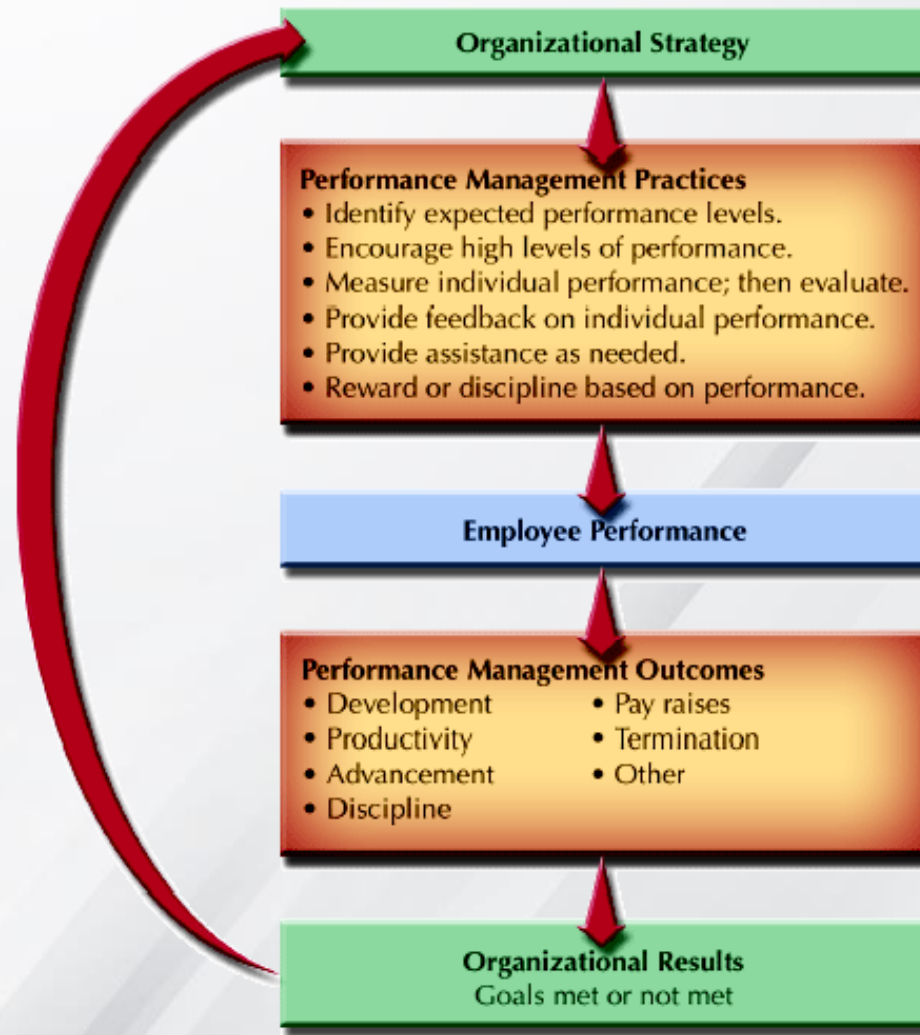
After you read this chapter, you should be able to:

- Distinguish between job criteria and performance standards and discuss criterion deficiency.
- Identify two major uses of performance appraisal.
- Provide examples of several rater errors.
- Describe both the advantages and disadvantages of multisource (360°) appraisal.
- Identify the nature of behavioral approaches to performance appraisal and management by objectives (MBO).
- Discuss several concerns about appraisal feedback interviews.
- Identify the characteristics of a legal and effective performance appraisal system.

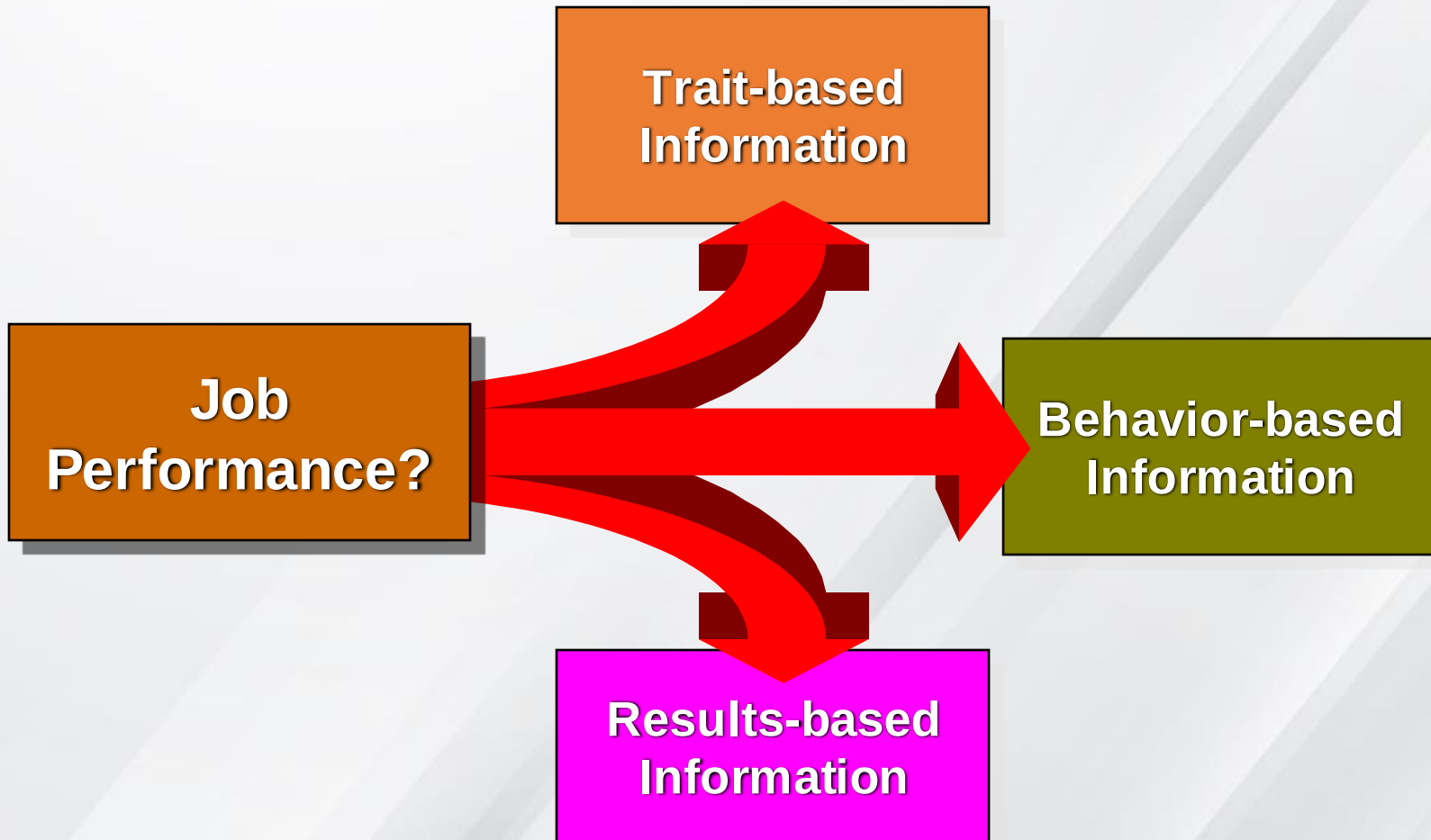
**Chapter
11****IDENTIFYING AND MEASURING
EMPLOYEE PERFORMANCE**

- Performance Management System
 - Processes used to identify, encourage, measure, evaluate, improve, and reward employee performance.
- Performance
 - What an employee does and does not do.
 - Quantity of output
 - Quality of output
 - Timeliness of output
 - Presence at work
 - Cooperativeness
- Job Criteria
 - Important elements in a given job

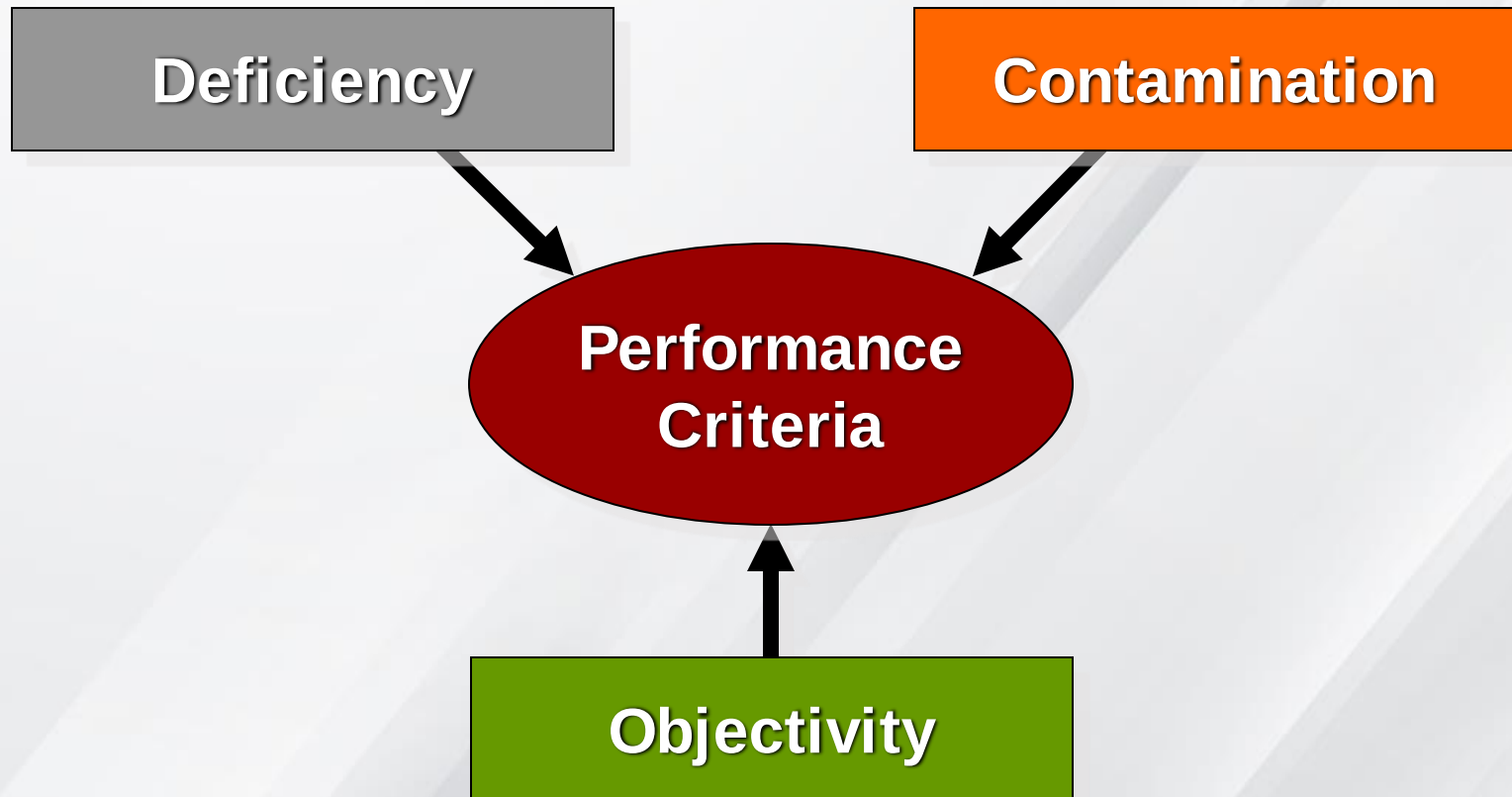
Linkage Between Strategy, Outcomes, and Organizational Results



TYPES OF PERFORMANCE INFORMATION



POTENTIAL PERFORMANCE CRITERIA PROBLEMS



Chapter 11

PERFORMANCE STANDARDS

- Performance Standards
 - Expected levels of performance
 - Benchmarks
 - Goals
 - Targets
- Characteristics of Well-defined Standards
 - Realistic
 - Measurable
 - Clearly understood

TERMS DEFINING STANDARDS ON ONE COMPANY

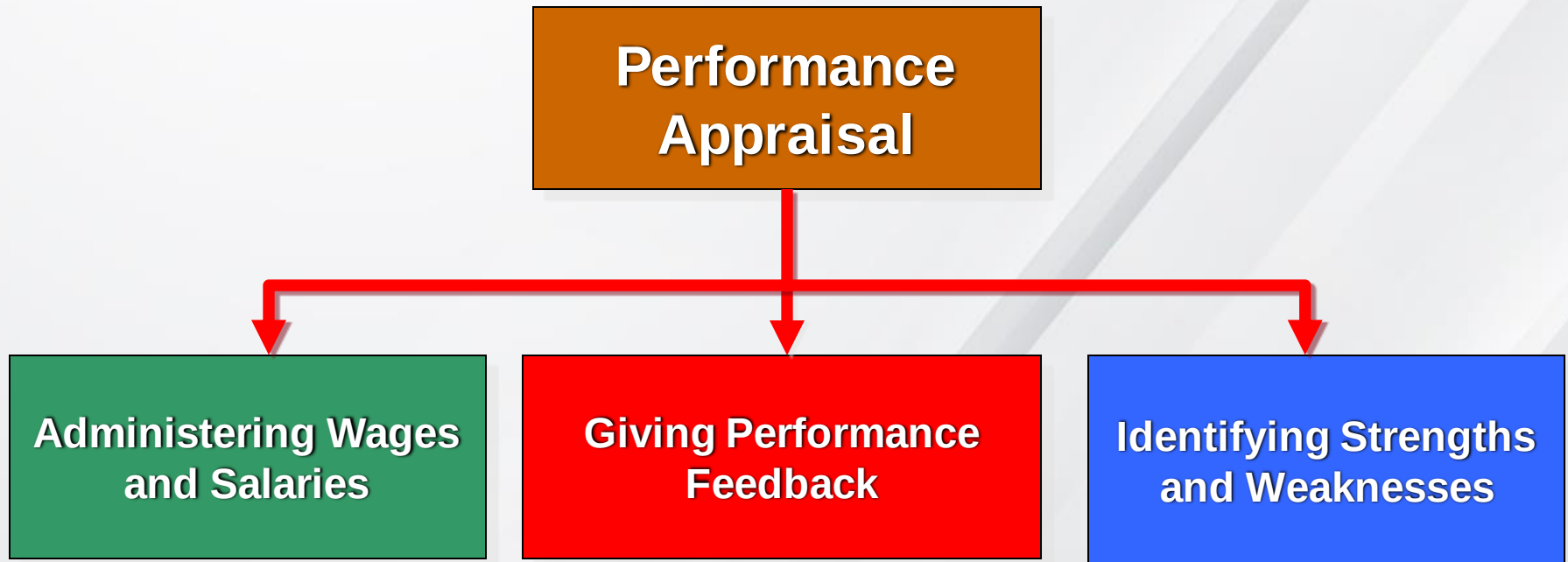
5	Outstanding. The person is so successful at this job criterion that special note should be made. Compared with the usual standards and the rest of the department, this performance ranks in the top 10%.
4	Very Good. Performance at this level is a better-than-average performance for the unit, given the common standards and unit results.
3	Satisfactory. Performance is at or above the minimum standards. This level of performance is what one would expect from most experienced, competent employees.
2	Marginal. Performance is somewhat below the minimum-level standard on this job dimension. However, potential to improve the rating within a reasonable time frame is evident.
1	Unsatisfactory. Performance on this item in the job is well below standard. Whether the person can improve to meet minimum standards is questionable.

Chapter
11

USES OF PERFORMANCE APPRAISAL

- Performance Appraisal (PA)
 - The process of evaluating how well employees perform their jobs when compared to a set of standards, and then communicating the information to employees.
- Informal Appraisal
 - Day-to-day contacts, largely undocumented
- Systematic Appraisal
 - Formal contact at regular time intervals, usually documented

USES OF PERFORMANCE APPRAISAL (CONT'D)



Chapter
11**USES OF PERFORMANCE
APPRAISAL (CONT'D)**

- Criticisms of Performance Appraisal
 - Focus is too much on the individual and does little to develop employees.
 - Employees and supervisors believe the appraisal process is seriously flawed.
 - Appraisals are inconsistent, short-term oriented, subjective, and useful only at the extremes of performance.

CONFLICTING ROLES FOR PERFORMANCE APPRAISAL

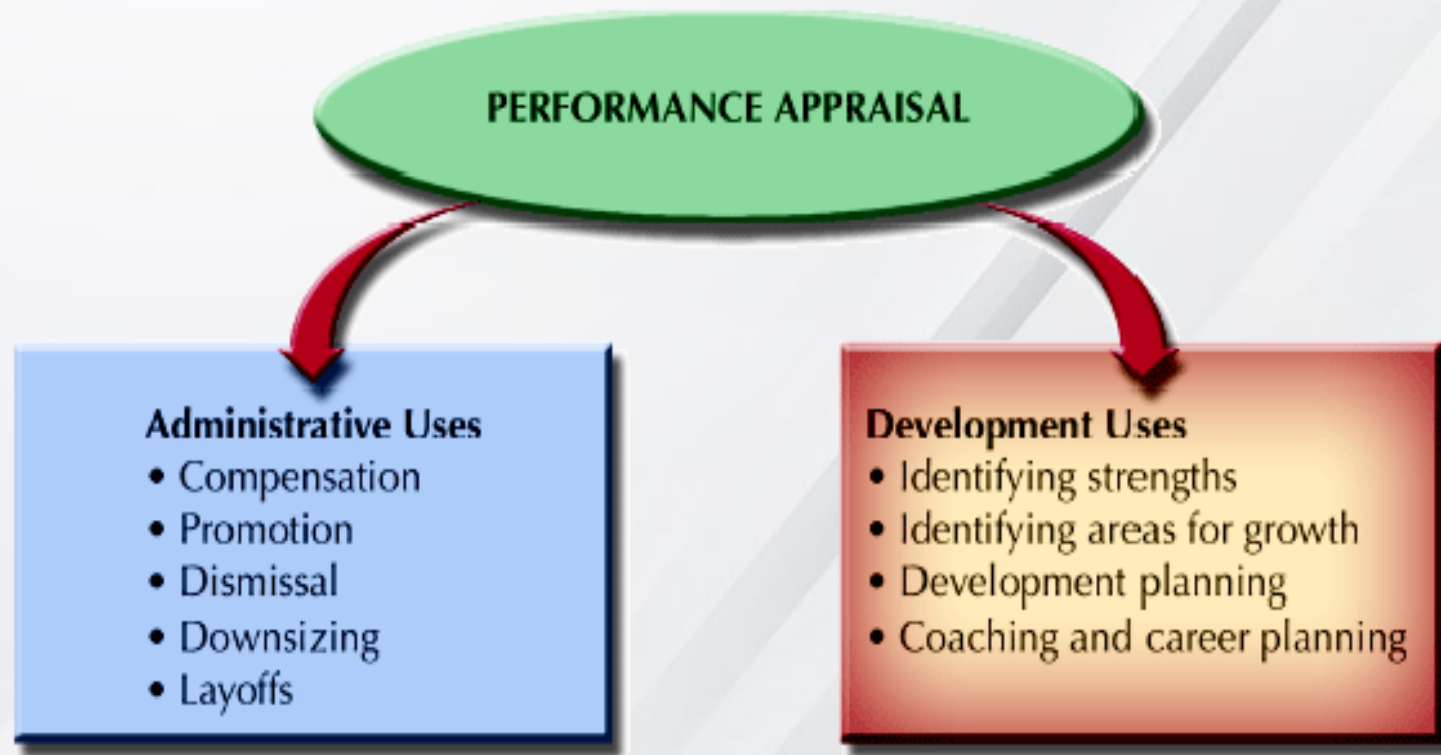


Figure 11–3

Chapter
11WHO CONDUCTS
APPRAISALS

- Supervisors who rate their subordinates
- Employees who rate their supervisors
- Team members who rate each other
- Outside sources
- Employees' self-appraisal
- Multisource (360° feedback) appraisal





EMPLOYEE RATING OF MANAGERS

- Advantages

- Helps in identifying competent managers
- Serves to make managers more responsive to employees
- Can contribute to the career development of managers

- Disadvantages

- Negative reactions by managers to employee ratings
- Subordinates' fear of reprisals may inhibit them from giving realistic (negative) ratings
- Ratings are useful only for self-improvement purposes

TEAM/PEER RATINGS

- Advantages

- Helps improve the performance of lower-rated individuals
- Peers have opportunity to observe other peers.
- Peer appraisals focus on individual contributions to teamwork and team performance.

- Disadvantages

- Can negatively affect working relationships.
- Can create difficulties for managers in determining individual performance.
- Organizational use of individual performance appraisals can hinder the development of teamwork

NARRATIVE METHODS



PERFORMANCE APPRAISAL METHODS



Chapter
11CATEGORY RATING
METHODS

- Graphic Rating Scale
 - A scale that allows the rater to indicate an employee's performance on a continuum.
 - Job criteria scales
 - Behavioral scales
- Drawbacks
 - Restrictions on the range of possible rater responses
 - Differences in the interpretations of the meanings of scale items and scale ranges by raters
 - Poorly designed scales that encourage rater errors
 - Rating form deficiencies that limit the effectiveness of the appraisal

Chapter
11**CATEGORY RATING
METHODS (CONT'D)****• Checklists**

- A performance appraisal tool that uses a list of statements or work behaviors that are checked by raters.
 - Can be quantified by applying weights to individual checklist items.

• Drawbacks

- Interpretation of item meanings by raters
- Weighting creates problems in appraisal interpretation
- Assignment of weights to items by persons other than the raters

SAMPLE PERFORMANCE APPRAISAL FORM

Date Sent	4/19/00	Return by	5/01/00
Name	Jane Doe	Job Title	Receiving Clerk
Department	Receiving	Supervisor	Fred Smith
Full-time	☒	Part-time	☐
Rating Period: From	5/12/02	To:	5/12/03
Reason for appraisal (check one): Regular Interval ☒ Introductory ☐ Counseling only ☐ Discharge ☐			

Utilizing the following definitions, rate the performance as I, M, or E.

I—Performance is below job requirements and **improvement is needed**.

M—Performance **meets** job requirements and standards.

E—Performance exceeds job requirements and standards a **majority** of the time.

SPECIFIC JOB RESPONSIBILITIES: List the principal activities from the job summary, rate the performance on each job duty by placing an "X" on the rating scale at the appropriate location, and make appropriate comments to explain the rating.

I ————— M ————— E

Job Duty #1: Inventory receiving and checking

Explanation: _____

SAMPLE PERFORMANCE APPRAISAL FORM

I _____ M _____ E

Job Duty #2: Accuracy of records kept

Explanation: _____

I _____ M _____ E

Attendance (including absences and tardies):

Number of absences ____

Number of tardies ____

Explanation: _____

Overall Rating: Based on the total performance, place the letter **I**, **M**, or **E** in the box provided that best describes the employee's overall performance.

--

Explanation: _____

Chapter
11**COMPARATIVE METHODS**

- **Ranking**
 - Listing of all employees from highest to lowest in performance.
 - **Drawback**
 - Does not show size of differences in performance between employees
 - Implies that lowest-ranked employees are unsatisfactory performers.
 - Becomes an unwieldy process if the group to be ranked is large.

Chapter
11

COMPARATIVE METHODS (CONT'D)

- **Forced Distribution**

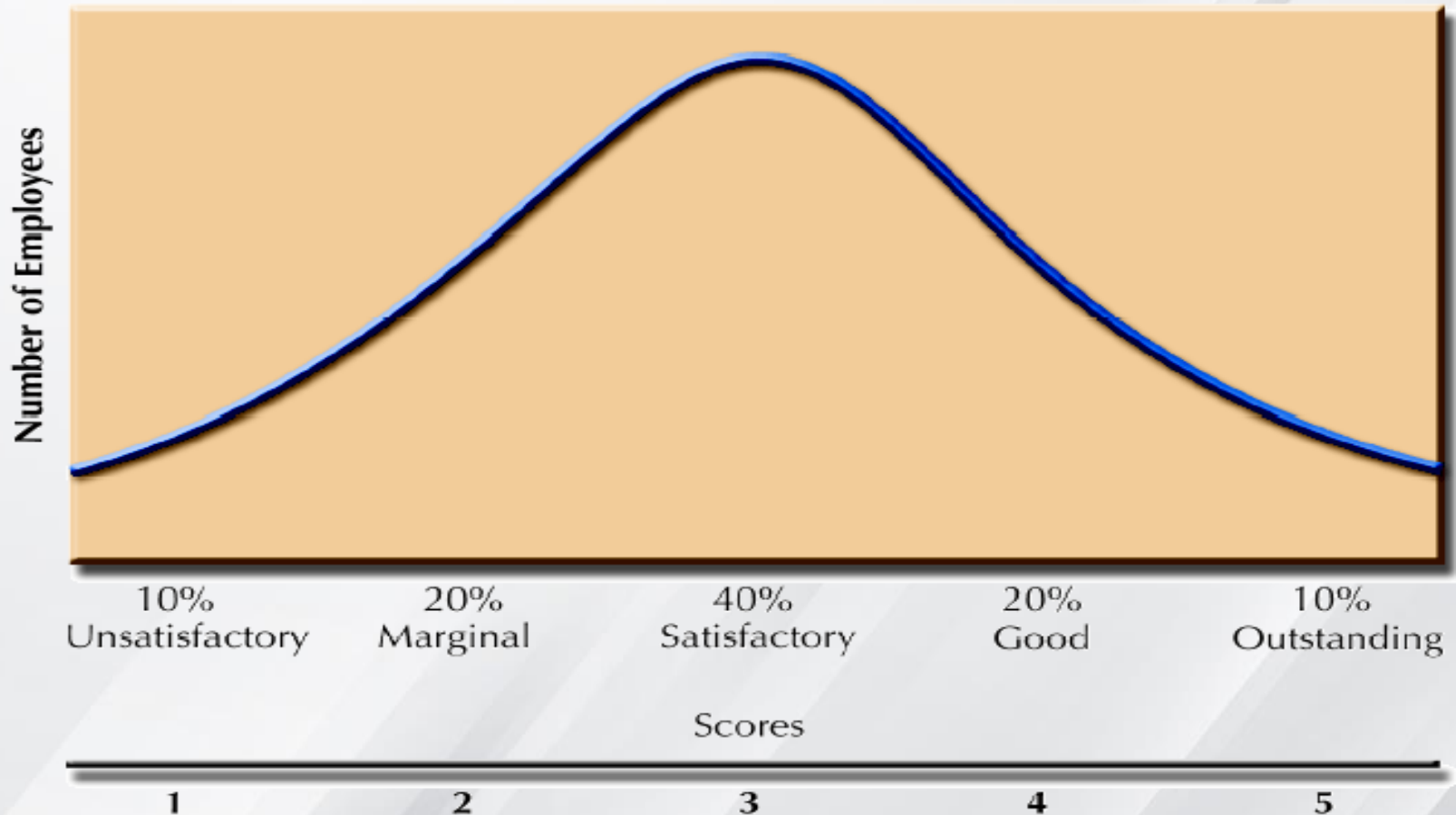
- Performance appraisal method in which ratings of employees are distributed along a bell-shaped curve.

<https://docs.google.com/spreadsheets/d/1McbxOprDWBSeM1Xnw2H1z04HCsJnV0YZ/edit?usp=sharing&oid=102371632403640518606&rtpof=true&sd=true>

- **Drawbacks**

- Assumes a normal distribution of performance.
 - Resistance by managers to placing individuals in the lowest or highest groups.
 - Providing explanation for placement in a higher or lower grouping can be difficult.
 - Is not readily applicable to small groups of employees.

FORCED DISTRIBUTION ON A BELL-SHAPED CURVE



Chapter
11**NARRATIVE METHODS**

- Critical Incident
 - Manager keeps a written record of highly favorable and unfavorable employee actions.
- Drawbacks
 - Variations in how managers define a “critical incident”
 - Time involved in documenting employee actions
 - Most employee actions are not observed and may become different if observed
 - Employee concerns about manager’s “black books”

Chapter
11**NARRATIVE METHODS
(CONT'D)**

- Essay Method
 - Manager writes a short essay describing an employee's performance.
 - Drawbacks
 - Depends on the managers' writing skills and their ability to express themselves.
- Field Review
 - Outside reviewer interviews the manager about the performance of each employee and develops a rating for the employees from the interview notes.



**Chapter
11****BEHAVIORAL/OBJECTIVE
METHODS**

- Behavioral Rating Approach
 - Assesses employees' behaviors instead of other characteristics
 - Consists of a series of scales created by:
 - Identifying important job dimensions
 - Creating statements describing a range of desired and undesirable behaviors (anchors)
 - Types of behavioral scales
 - Behaviorally anchored rating scales (BARS)
 - Behavioral observation scales (BOS)
 - Behavioral expectation scales (BES)

CUSTOMER SERVICE SKILLS (BOS)

The Customer Service Representative:

Outstanding

5

Used positive phrases to explain product.

4

Offered additional pertinent information when asked questions by customer.

Satisfactory

3

Referred customer to another product when requested item was not available.

2

Discouraged customer from waiting for an out-of-stock item.

Unsatisfactory

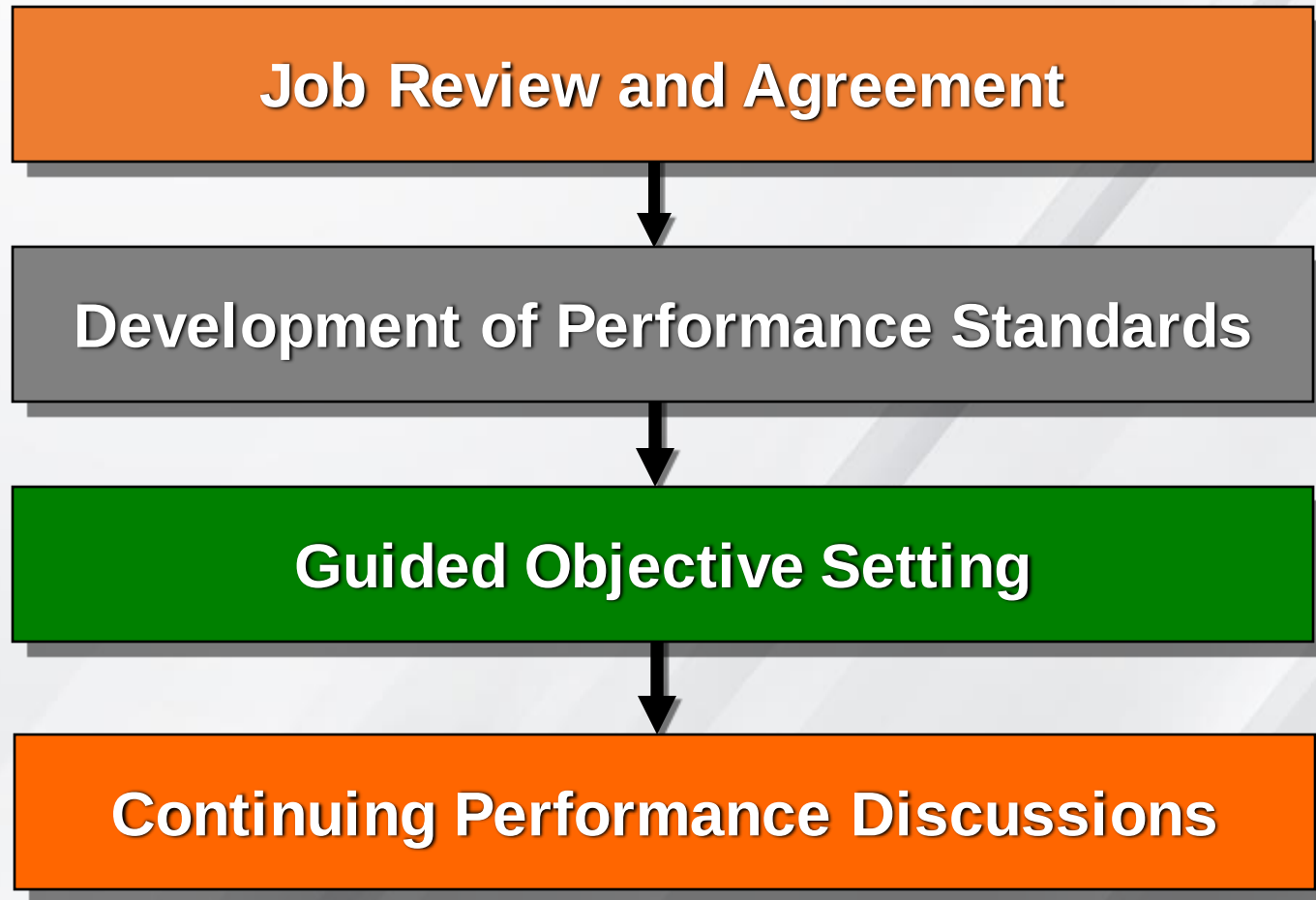
1

Argued with customer about suitability of requested product.

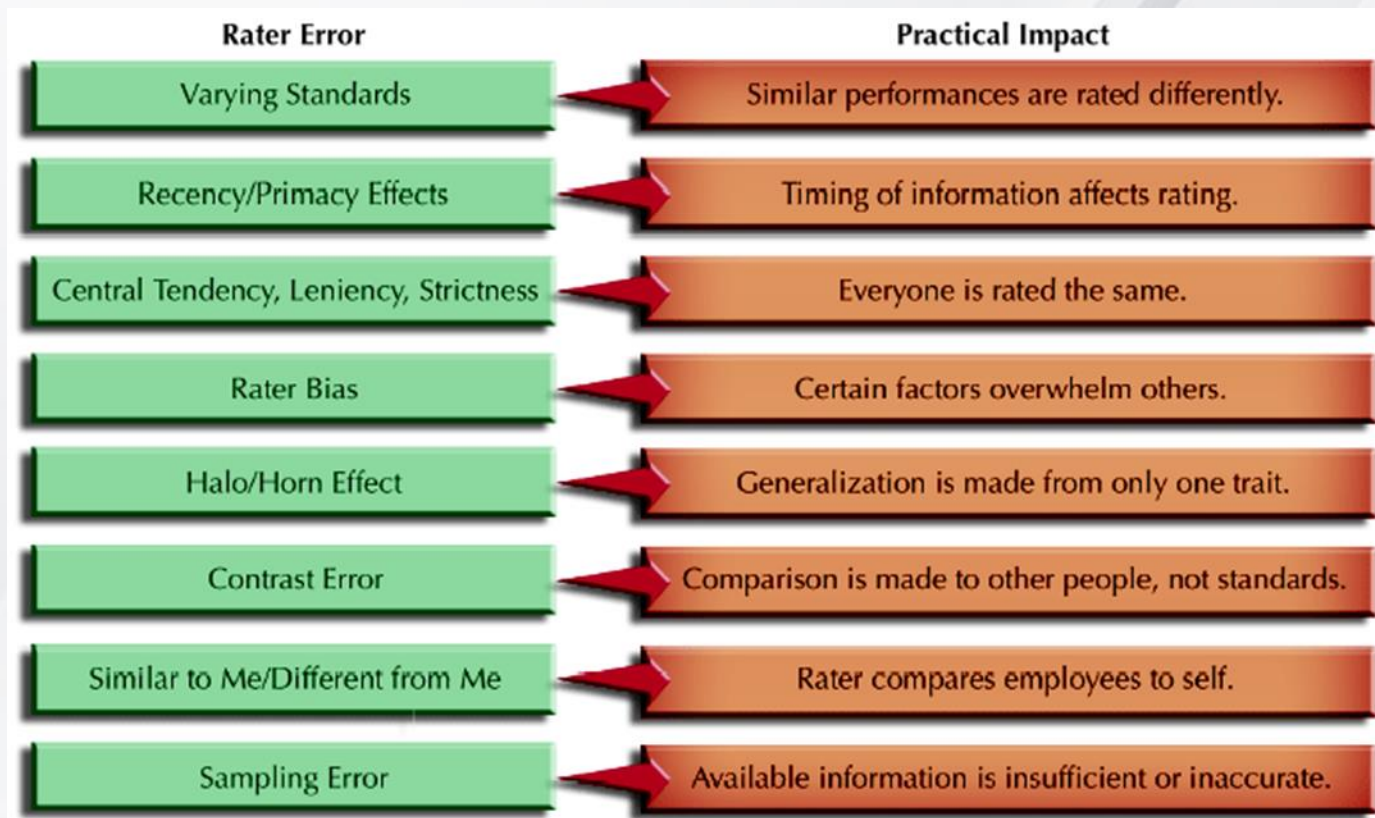
Chapter
11**MANAGEMENT BY OBJECTIVES**

- Management by Objectives
 - Specifying the performance goals that an individual and his or her manager agree to try to attain within an appropriate length of time.
- Key MBO Ideas
 - Employee involvement creates higher levels of commitment and performance.
 - Encourages employees to work effectively toward achieving desired results.
 - Performance measures should be measurable and should define results.

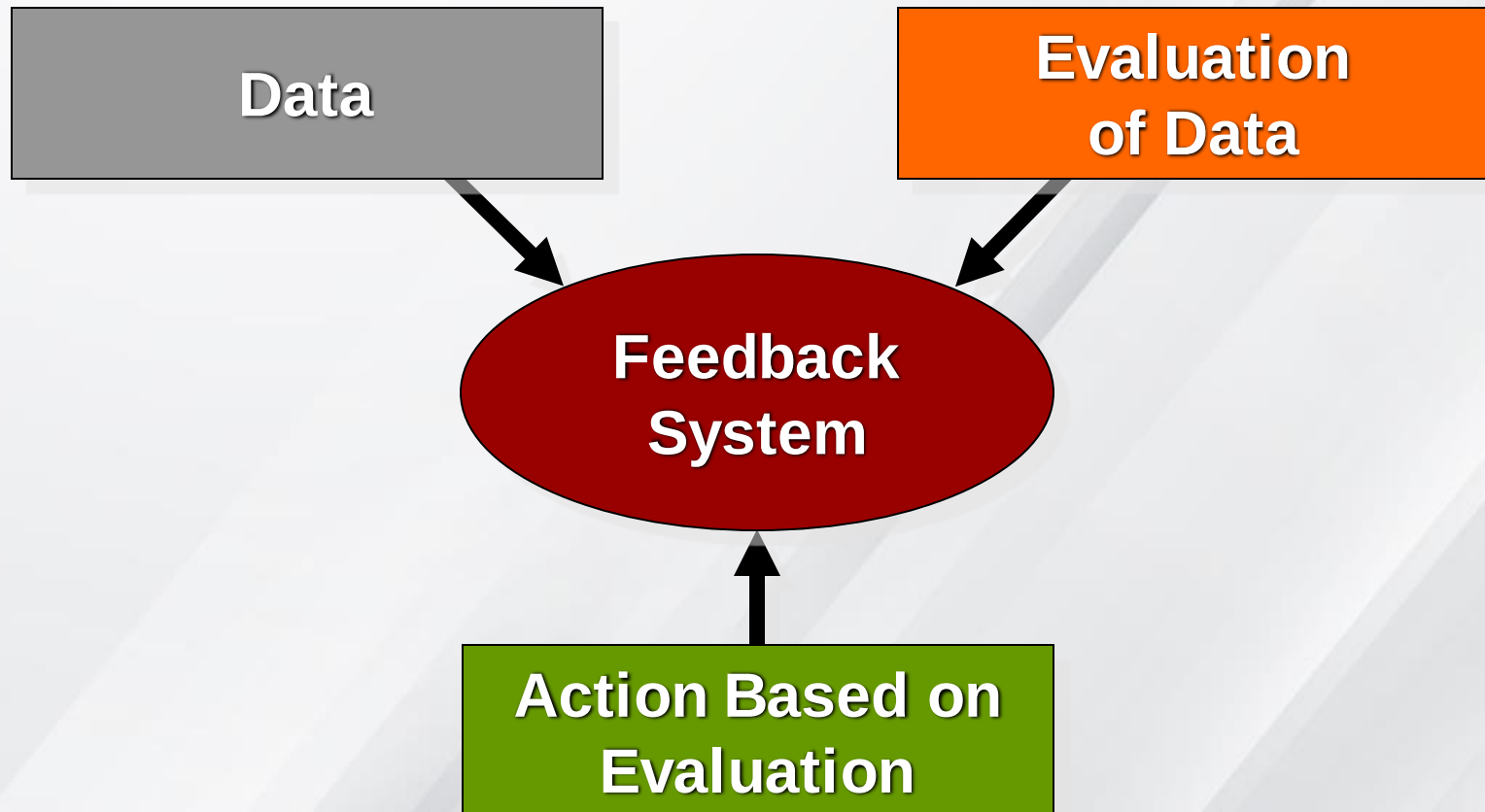
THE MBO PROCESS



COMMON RATER ERRORS



FEEDBACK AS A SYSTEM



APPRAISAL INTERVIEW HINTS

DO

- Prepare in advance.
- Focus on performance and development.
- Be specific about reasons for ratings.
- Decide on specific steps to be taken for improvement.
- Consider the supervisor's role in the subordinate's performance.
- Reinforce desired behaviors.
- Focus on future performance.

DO NOT

- Do all the talking.
- Lecture the employee.
- Mix performance appraisal and salary or promotion issues.
- Concentrate only on the negative.
- Be overly critical or "harp on" a failing.
- Feel it is necessary that both parties agree in all areas.
- Compare the employees with others.

PERFORMANCE APPRAISALS AND THE LAW

Chapter 11

- Legally Defensible PA System
 - Appraisal criteria based on job analysis
 - Absence of disparate impact and evidence of validity
 - Formal evaluation criterion that limit managerial discretion
 - Formal rating instrument linked to job duties and responsibilities
 - Training of supervisors in conducting appraisals
 - Review process to prevent undue control of careers
 - Counseling to help poor performers improve

Chapter
11**PERFORMANCE
MANAGEMENT SYSTEM**

- Effective PMS systems are:
 - Consistent with the strategic mission of the organization
 - Beneficial as development tool
 - Useful as an administrative tool
 - Legal and job-related
 - Viewed as generally fair by employees
 - Effective in documenting employee performance