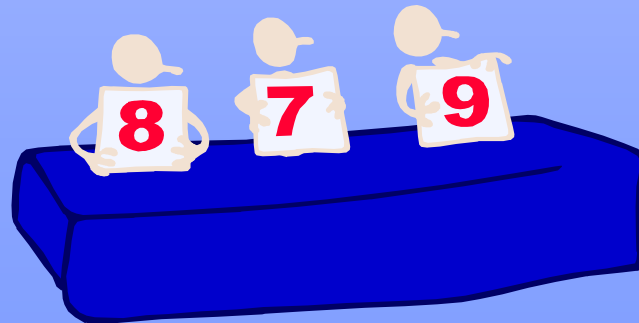


Part 4 Assessment and Development of Human Resources

Chapter 6 Appraising and Managing Performance



Chapter 6 Outline

- I The appraisal process
- II The appraisal interview
- III The role of appraisals in managing
performance
- IV. Summary

Learning Objectives

- Describe the appraisal process
- Develop, evaluate, and administer at least four performance appraisal tools
- List and discuss the pros and cons of six appraisal methods
- Explain and illustrate the problems to avoid in appraising performance
- Discuss the pros and cons of using different raters to appraise a person's performance
- Perform an effective appraisal interview



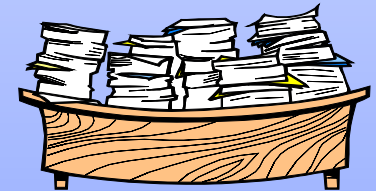
I The appraisal process

- 1.1 Introduction to the appraisal process**
- 1.2 Appraisal methods**
- 1.3 Appraising performance: problems and solutions**

1.1 Introduction to the appraisal process

The Appraisal Process

- The evaluation of an employee's current and past performance relative to performance standards
- An appraisal involves:
 - ◆ Setting work standards
 - ◆ Assessing actual performance vs. these standards
 - ◆ Providing feedback to the employee





Why Appraise Performance?

- Appraisals provide information for promotion and salary decisions
- Provides opportunity to review an employee's work related behavior with the goal of correcting deficiencies
- Is part of the career-planning process
- Appraisals help manage and improve your firm's 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.

The Supervisor's Role

- Must be familiar with basic appraisal techniques
 - Be candid but fair when delivering bad news
 - HR will often outline guidelines but leave implementation to supervisors
- Sample  appraisal form

Evaluating Faculty for Promotion and Tenure
Classroom Teaching Appraisal by Students

Teacher _____ Course _____
Term _____ Academic Year _____

Thoughtful student appraisal can help improve teaching effectiveness. This questionnaire is designed for that purpose, and your assistance is appreciated. Please do not sign your name.

Use the back of this form for any further comments you might want to express; use numbers 10, 11, and 12 for any additional questions that you might like to add.

Directions: Rate your teacher on each item, giving the highest scores for exceptional performances and the lowest scores for very poor performances. Place in the blank space before each statement the rating that most closely expresses your view.

Excep- tional	Moderately Good				Very Poor		Don't Know
7	6	5	4	3	2	1	X
_____	1. How do you rate the agreement between course objectives and lesson assignments?						
_____	2. How do you rate the planning, organization, and use of class periods?						
_____	3. Are the teaching methods and techniques employed by the teacher appropriate and effective?						
_____	4. How do you rate the competence of the instructor in the subject?						
_____	5. How do you rate the interest of the teacher in the subject?						
_____	6. Does the teacher stimulate and challenge you to think and to question?						
_____	7. Does he or she welcome differing points of view?						
_____	8. Does the teacher have a personal interest in helping you in and out of class?						
_____	9. How would you rate the fairness and effectiveness of the grading policies and procedures of the teacher?						
_____	10. _____						

Faculty Evaluation Rating Forms

_____ 11. _____

_____ 12. _____

_____ 13. Considering all the above items, what is your overall rating of this teacher?

_____ 14. How would you rate this teacher in comparison with all others you have had in the college or university?

Steps in Appraising Performance

Make sure all agree on duties



Discuss progress & make plans

Compare performance to the standard



Its All About Expectations

- Job descriptions are usually written for a group of jobs leaving many aspects of a job without specific goals
- Quantify expectations with explicit goals for each expectation
- Employee should know basis of appraisal ahead of time

1.2 Appraisal methods

Appraisal Methods



- Graphic rating scale
- Alternation ranking

Alternation ranking

ALTERNATION RANKING SCALE

For the Trait: _____

For the trait you are measuring, list all the employees you want to rank. Put the highest-ranking employee's name on line 1. Put the lowest-ranking employee's name on line 20. Then list the next highest ranking on line 2, the next lowest ranking on line 19, and so on. Continue until all names are on the scale.

Highest-ranking employee

1. _____ 11. _____

2. _____ 12. _____

3. _____ 13. _____

4. _____ 14. _____

5. _____ 15. _____

6. _____ 16. _____

7. _____ 17. _____

8. _____ 18. _____

9. _____ 19. _____

10. _____ 20. _____

Paired comparison

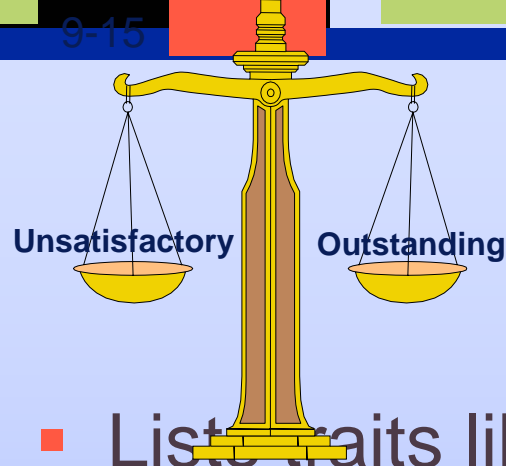
FOR THE TRAIT "QUALITY OF WORK"						FOR THE TRAIT "CREATIVITY"					
Employee Rated:						Employee Rated:					
As Compared to:	A Art	B Maria	C Chuck	D Diane	E José	As Compared to:	A Art	B Maria	C Chuck	D Diane	E José
A Art		+	+	-	-	A Art		-	-	-	-
B Maria	-		-	-	-	B Maria	+		-	+	+
C Chuck	-	+		+	-	C Chuck	+	+		-	+
D Diane	+	+	-		+	D Diane	+	-	+		-
E José	+	+	+	-		E José	+	-	-	+	

Art Ranks Highest Here

Critical incident

Continuing Duties	Targets	Critical Incidents
Schedule production for plant	Full utilization of personnel and machinery in plant; orders delivered on time	Instituted new production scheduling system; decreased late orders by 10% last month; increased machine utilization in plant by 20% last month
Supervise procurement of raw materials and inventory control	Minimize inventory costs while keeping adequate supplies on hand	Let inventory storage costs rise 15% last month; overordered parts "A" and "B" by 20%; underordered part "C" by 30%
Supervise machinery maintenance	No shutdowns due to faulty machinery	Instituted new preventative maintenance system for plant; prevented a machine breakdown by discovering faulty part

- ◆ Paired comparison
- ◆ Actual duties
- ◆ Forced distribution
- ◆ Critical Incident



Graphic Rating Scale

- Lists traits like quality and reliability
- Versus a range of performance values (from unsatisfactory to outstanding)
- ◆ Each subordinate is rated for each quality
- ◆ Ratings total ranks appraisal

Graphic rating scale

Performance Appraisal

Employee Name _____ Title _____

Department _____ Employee Payroll Number _____

Reason for Review: ☐ Annual ☐ Periodic ☐ Unsatisfactory Performance

☐ Must ☐ End Promotion Period ☐ Clear

Date employee began present position: ____/____/____ Scheduled appraisal date: ____/____/____

Date of last appraisal: ____/____/____

RATING IDENTIFICATION

O- Outstanding—Performance is exceptional in all areas and is recognized as being far superior to others.

V- Very Good—Results clearly exceed most position requirements. Performance is of high quality and is achieved on a consistent basis.

G- Good—Consistent and dependable level of performance. Meets performance standards of the job.

U- Unsatisfactory—Performance is deficient in certain areas. Improvement is necessary.

U- Unsatisfactory—Results are generally unacceptable and require immediate improvement. No merit increase should be granted to individuals with this rating.

W- Not Rated—Not applicable or too soon to rate.

GENERAL FACTORS	RATING SCALE	SUPPORTIVE DETAILS OR COMMENTS
1. Quality —The accuracy, thoroughness, and acceptability of work performance.	<input type="checkbox"/> O 100-90 <input type="checkbox"/> V 90-80 <input type="checkbox"/> G 80-70 <input type="checkbox"/> U 70-60 <input type="checkbox"/> before 60	Points: _____
2. Productivity —The quantity and efficiency of work produced in a specified period of time.	<input type="checkbox"/> O 100-90 <input type="checkbox"/> V 90-80 <input type="checkbox"/> G 80-70 <input type="checkbox"/> U 70-60 <input type="checkbox"/> before 60	Points: _____
3. Job Knowledge —The practical technical skills and information used on the job.	<input type="checkbox"/> O 100-90 <input type="checkbox"/> V 90-80 <input type="checkbox"/> G 80-70 <input type="checkbox"/> U 70-60 <input type="checkbox"/> before 60	Points: _____
4. Reliability —The extent to which an employee can be relied upon regarding task completion and followup.	<input type="checkbox"/> O 100-90 <input type="checkbox"/> V 90-80 <input type="checkbox"/> G 80-70 <input type="checkbox"/> U 70-60 <input type="checkbox"/> before 60	Points: _____
5. Availability —The extent to which an employee is punctual, observes prescribed work hours/meal periods, and has low absenteeism record.	<input type="checkbox"/> O 100-90 <input type="checkbox"/> V 90-80 <input type="checkbox"/> G 80-70 <input type="checkbox"/> U 70-60 <input type="checkbox"/> before 60	Points: _____
6. Independence —The extent of work performed with little or no supervision.	<input type="checkbox"/> O 100-90 <input type="checkbox"/> V 90-80 <input type="checkbox"/> G 80-70 <input type="checkbox"/> U 70-60 <input type="checkbox"/> before 60	Points: _____

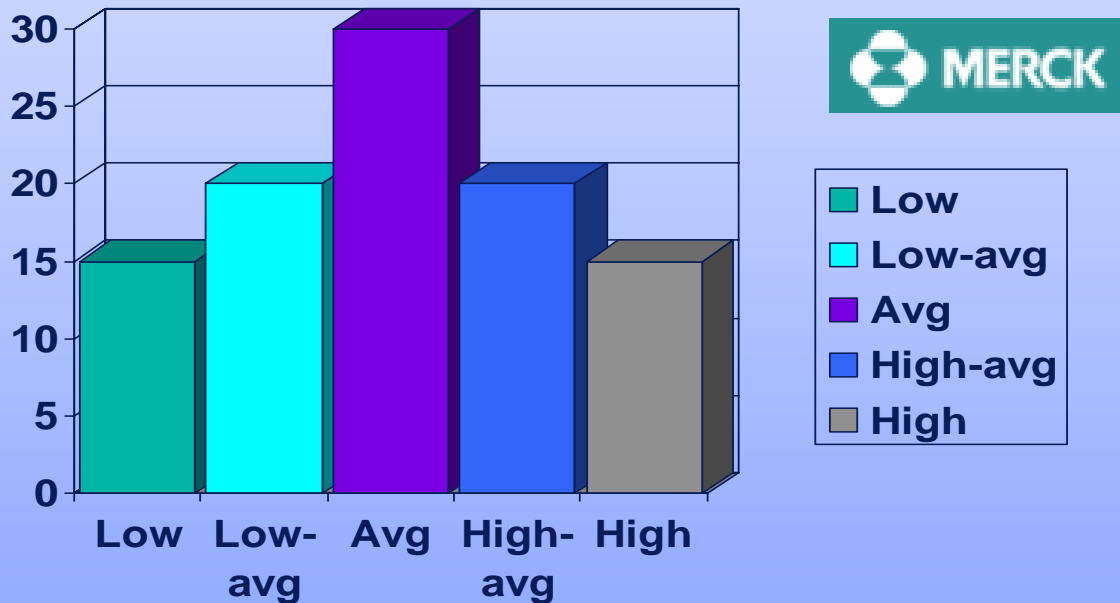
Part II: Rating Scales for Task Areas

Position: Administrative Secretary
Duties and Responsibilities

Task Area	PCT. (30%)	RATINGS	Comments
Reception		1 2 3 4 5	

Receiving and recording initial contacts in person or on the telephone and courteously assisting callers or visitors. Answers incoming telephone calls, takes message, provides information or routes call to appropriate individual, greets visitors, provides information or directs to appropriate office or individual, acts as hostess and provides incidental services to visitors in waiting status; operates automatic answering service; maintains log of callers and visitors to cooperative.

Forced Distribution – High Performance Insight



Merck began using this rating method for exempt employees when it found other methods resulted in 80% of employees rated a 4 or higher on a 5 point scale.



Narrative Forms

- Final appraisals are frequently in a written narrative form
- Supervisor rates employee's:
 - ◆ Performance factor or skill
 - ◆ Give examples & an improvement plan
 - ◆ Explains good & bad performance areas



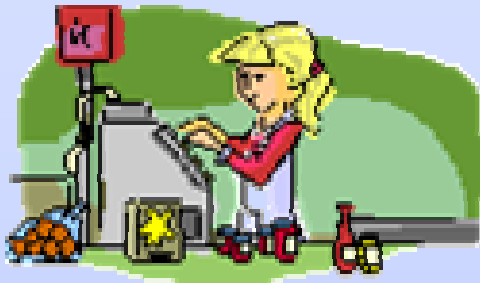
PERFORMANCE IMPROVEMENT PLAN		
Name _____		Date _____
Position Title _____		Dept./Div. _____
I. Purpose and Objective This form and process is designed to assist the supervisor in analyzing how an employee is performing his or her work, that is, the individual skills and knowledge they use in performing their job responsibilities. The primary objective for you in completing this Performance Analysis and subsequent discussions with the employee is to help the person improve.		
II. Steps in the Process		
A. Performance Factors and Skills- The individual skills and performance factors represent the major abilities that are required of most employees to perform their jobs. After reading the description of each factor, assign a rating of the employee's skill proficiency using the following guide: <ul style="list-style-type: none"> S- Strength SA- Satisfactory N- Needs Improvement NA- Not Applicable <p>Space is provided at the end of this form to write out performance factors/skills which you may consider to be important and are not found on this form. We suggest, however, that you avoid adding personality traits that do not influence performance.</p>		
B. Performance Analysis and Examples- This section is provided for you to support your judgment with specific performance related examples of observed behavior. These examples should be stated in terms of what the employee did or said (in completing a task or project) as it relates to the performance factor.		
C. Improvement Plan- Specific actions should be listed in this section that will be taken to assist the employee in those areas that require performance improvement. It is suggested that supervisor and subordinate develop this plan jointly in a discussion session. These actions should focus on activities, tasks, training, expanded job duties, etc., that will afford the employee an opportunity to develop the needed skill. The written Improvement Plan should also state who is responsible for completing each step, a timetable for completion and a feedback/followup process that will monitor the progress.		
D. Discussion with the Employee- The performance rating and analysis of each factor or skill must be discussed with the employee. The principal focus of this meeting should be on problem solving, i.e., to stimulate the employee to think about the probable causes of the skill or knowledge deficiency and to generate ideas on how to bring about performance improvement in these areas. Working together, supervisor and employee should examine the cause of each deficiency and then jointly develop and agree upon a logical course of action for improvement. The Improvement Plan should be realistic, written down, and followed up in future sessions.		
Performance Factors/Skills	Performance Analysis & Examples	Improvement Plan
PLANNING- Forecasting, setting objectives, establishing strategies and courses of action, budgeting, scheduling, program - ming, and outlining procedures.		
ORGANIZING- Grouping of activities to achieve results, delegating, staffing, and using available resources.		

Behaviorally Anchored Rating Scales



BARS combine best features of narrative, critical incidents, and quantified scales in five steps

- Generate critical incidents
- Develop performance dimensions
- Reallocate incidents
- Scale the incidents
- Develop a final instrument



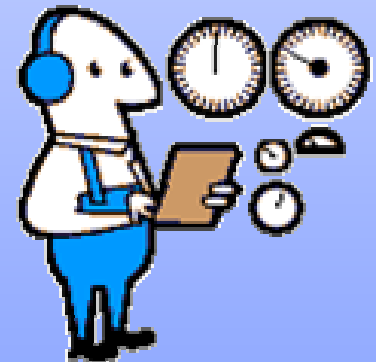
BARS for Grocery Clerks

- Researchers developed a BARS for grocery clerks by collecting critical incidents in 8 areas (rating scale given below):
- Knowledge and judgment
- Skill in bagging
- Conscientiousness
- Ability of checkout work
- Skill in human relations
- Skill in monetary transactions
- Skill in operation of register
- Observational ability

1	Extremely Poor	Poor	Average	Good	Extremely Good	9
---	----------------	------	---------	------	----------------	---

Advantages of BARS

- A more accurate gauge of performance
- Clearer standards – critical incidents along the scale make it clear
- Feedback – its easier to explain ratings to appraisees



Advantages of BARS

- Independent dimensions – clustering critical incidents make dimensions more independent
- Consistency – different raters appraisals of same individual are similar



Management by Objectives

MBO refers to a organizational 6 step goal setting and appraisal program

Set the
organization's
goals

Set the
departmental
goals

Discuss
developmental
goals

Define
expected
results

Performance
reviews

Provide
feedback



Computerized Performance Appraisal



Visit these web sites for online performance rating tools.

Dealing With Rating Scale Appraisal Problems

- Unclear standards – use of words like “good” or “fair” on appraisals

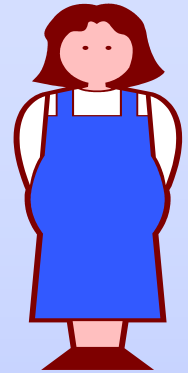


	Excellent	Good	Fair	Poor
Quality of work				
Quality of work				
Creativity				
Integrity				

- Halo effect – one trait affects all ratings
- Central tendency – everyone's in the middle
- Leniency or strictness – no middle
- Bias – characteristics affect rating



Research Insight



- One study showed appraisal reviewers rated the same woman differently when only difference was pregnancy
- It demonstrates that outside biases can influence ratings
- Men and women raters act differently; many things influence how a review is conducted
- View this video to see things that influence appraisals

1.3 Appraising performance: problems and solutions

How to Avoid Appraisal Problems

- Learn and understand the problems
- Use the right appraisal tool
- Train supervisors
- Reduce outside factors: time constraints, union pressures & turnover
- Keep a diary of critical incidents





Defensible Appraisals

- Conduct a job analysis to determine “successful performance”
- Use these criteria in a rating instrument
- Use *exact* performance metrics
- Tell employees and evaluators these metrics
- Graphic rating scales should be concrete



Defensible Appraisals (Cont.)

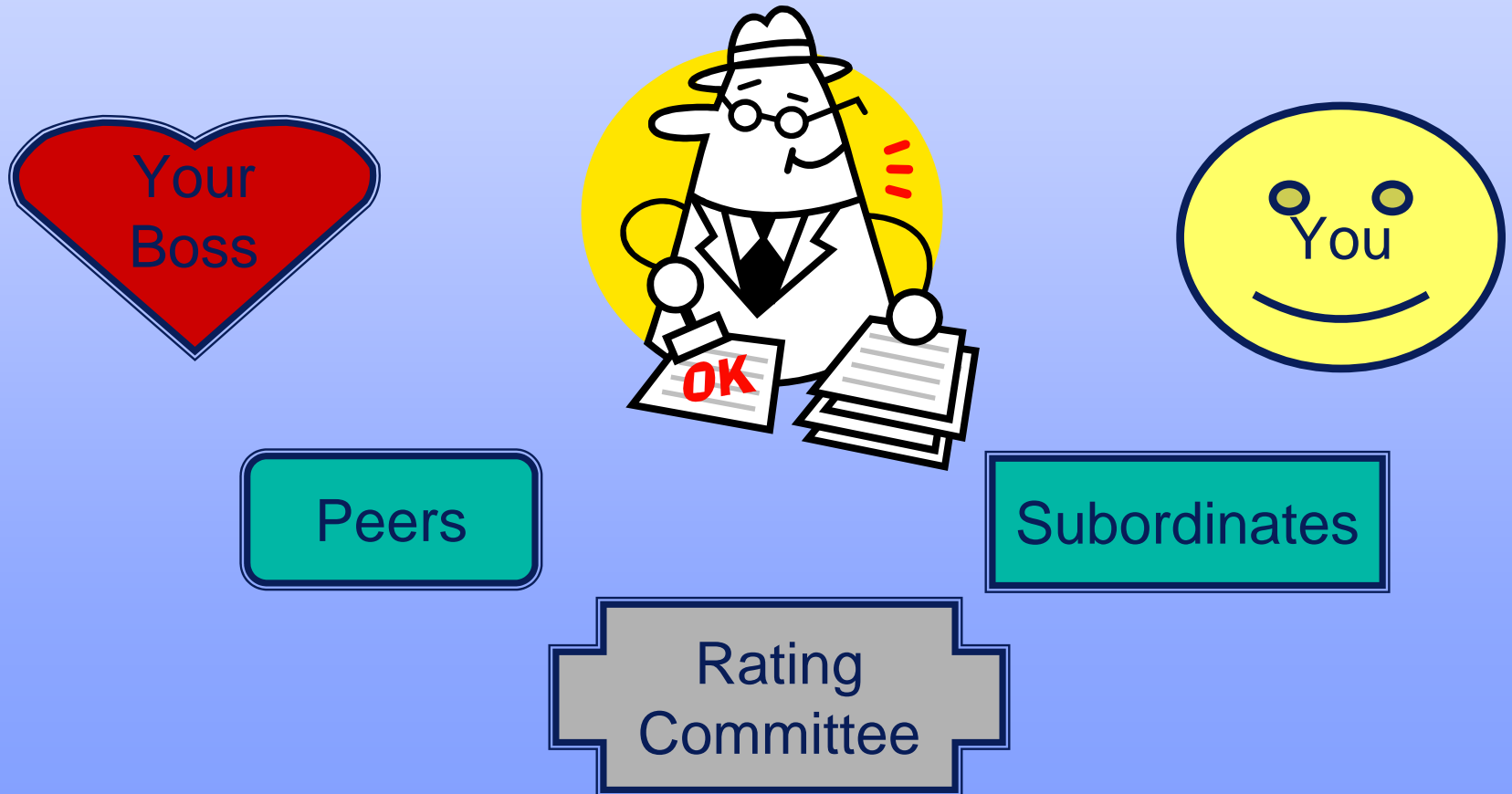
- Use subjective ratings sparingly
- Train supervisors
- Allow appraisers daily contact
- Rate on each of job's dimensions



Defensible Appraisals (Cont.)

- Use multiple appraisers
- No absolute authority
- Include employee appeal process
- Document everything
- Provide consistent help to poor performers

Who Does the Appraising?





Research Insight

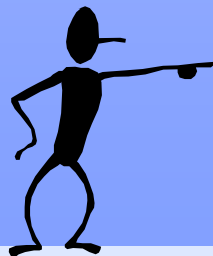
How effective is upward feedback in improving supervisor performance?

- ◆ Dramatic results
- ◆ Performance still increased



360° Appraisals

- 360° assessments evolved from upward feedback appraisals
- One study: 29% use it with 11% planning to add multi-source assessments
- Great deal of paperwork



II The appraisal interview

2.1 Types of interviews

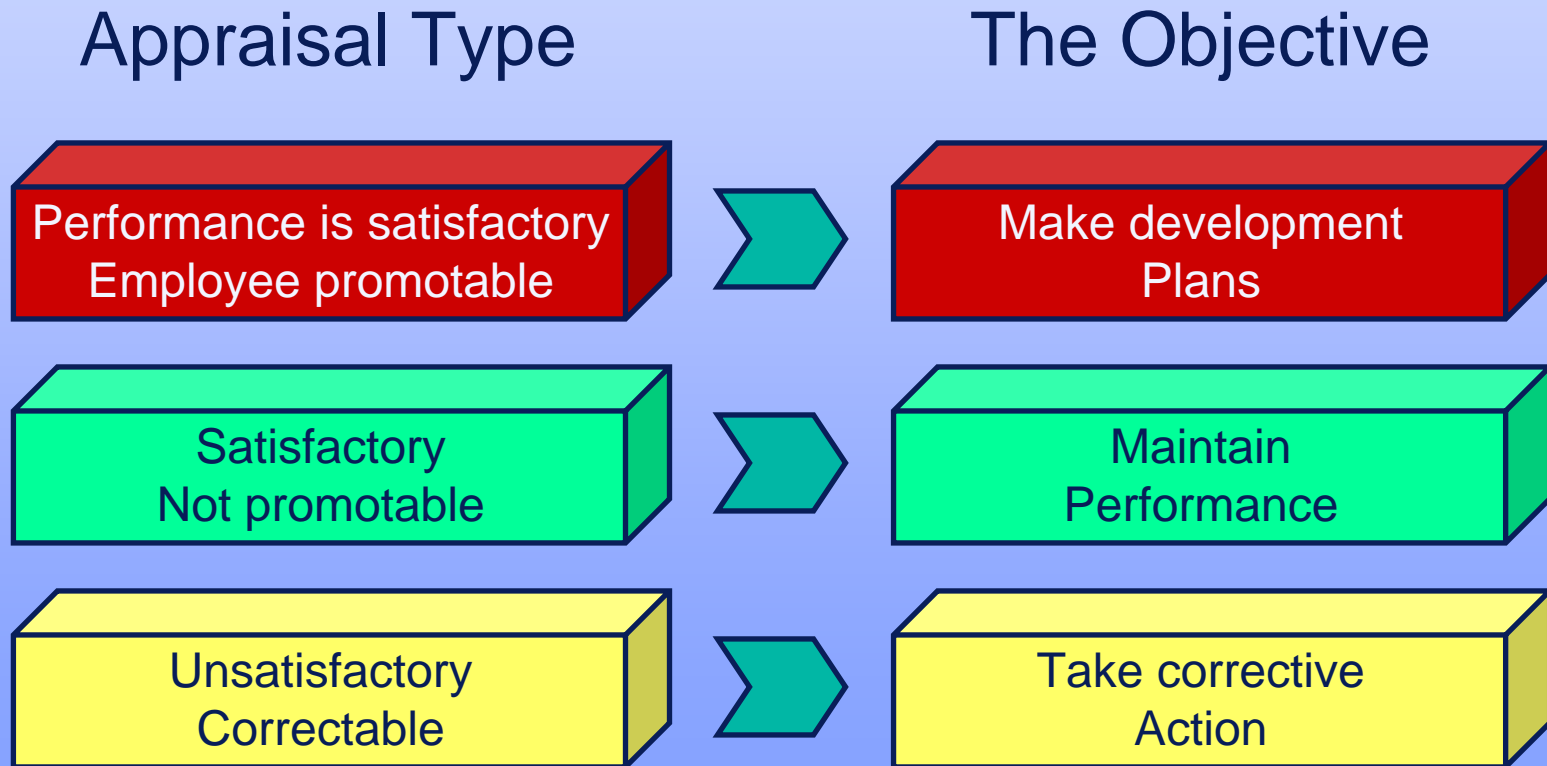
2.2 How to conduct the appraisal interview

2.1 Types of interviews

The Appraisal Interview

Appraisal interview - an interview in which the supervisor and subordinate review the appraisal and make plans to remedy deficiencies and reinforce strengths. Adequate preparation and effective implementation are therefore essential.

Three Appraisal Types/Objectives



2.2 How to conduct the appraisal interview

Keep These in Mind When Conducting the Interview

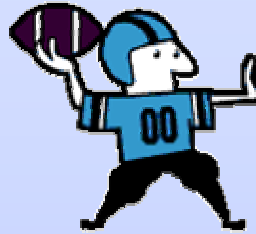
- Be direct and specific - talk in terms of objective work data
- Don't get personal - "You're too slow in producing those reports."
- Encourage the person to talk - stop and listen to what the person is saying
- Don't tiptoe around - make sure the person leaves knowing exactly what they are doing right and wrong



Action Plan

ACTION PLAN		
Date: May 18, 2002		
For: John, Assistant Plant Manager		
Problem: Parts inventory too high		
Objective: Reduce plant parts inventory by 10% in June		
Action Steps	When	Expected Results
Determine average monthly parts inventory	6/2	Established a base from which to measure progress
Review ordering quantities and parts usage	6/15	Identify overstock items
Ship excess parts to regional warehouse and scrap obsolete parts	6/20	Clear stock space
Set new ordering quantities for all parts	6/25	Avoid future overstocking
Check records to measure where we are now	7/1	See how close we are to objective

A Defensive Subordinate



- Understanding and dealing with defensiveness is an important appraisal skill
- Defensive behavior is normal
- Never attack a person's defenses
- Punt - sometimes it is best to do nothing at all

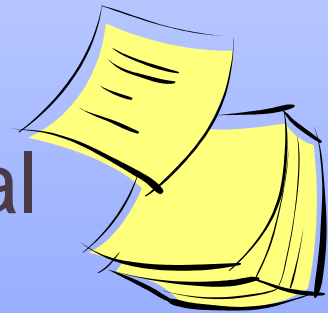


Recognize your own limitations – don't expect to be able to solve every problem that arises



Use Constructive Criticism

- Provide examples
- Avoid yearly “critical broadsides” by giving frequent feedback
- No real surprises at formal appraisal
- Criticism should be objective

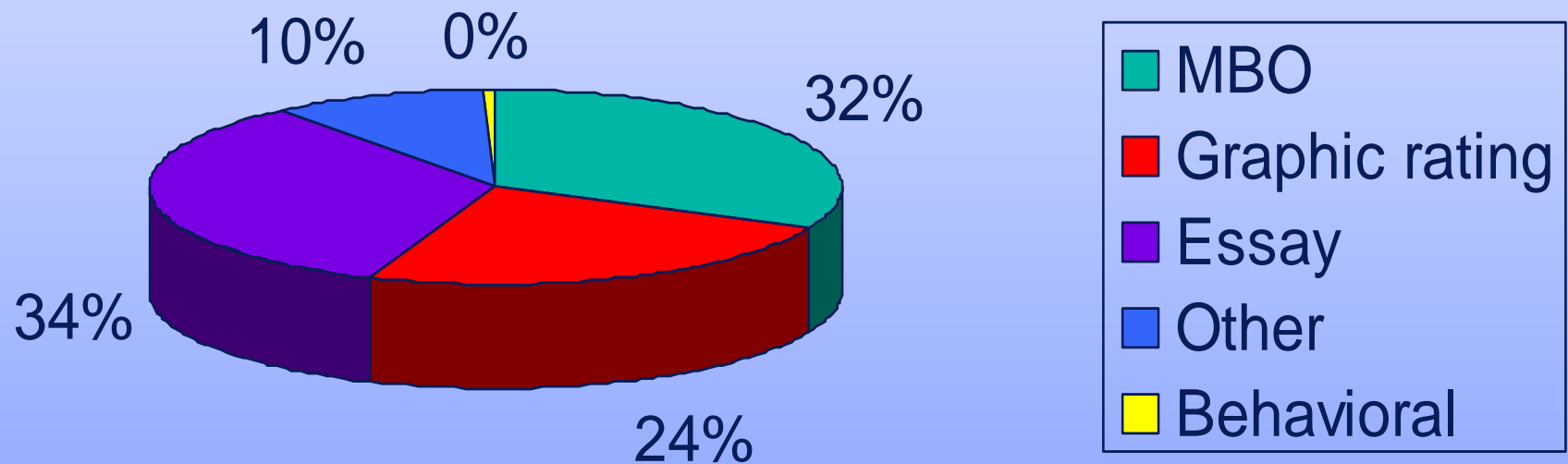


How to Insure Improved Performance



- ◆ Set improvement goals
- ◆ Establish comfort
- ◆ Allow employee influences
- ◆ Provide constructive information

Most Commonly Used Appraisal Methods



Society for Human Resource Management reports about 89% of surveyed managers use performance appraisal for all their employees

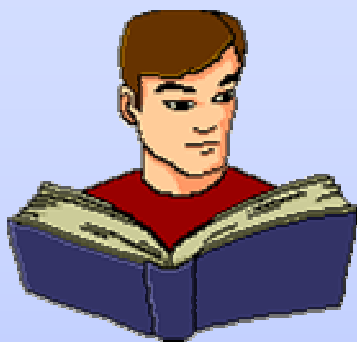
III The role of appraisals in managing performance

3.1 Do appraisals really help to improve performance?

3.2 The performance management approach

3.3 Performance management abroad

3.4 TQM-based appraisals



3.1 Do Appraisals Really Help?

- Traditional appraisals may be counterproductive
- One study showed 32% rated appraisals ineffective; 4% rated them effective
- Performance management and TQM-based appraisals may offer better results

3.2 Performance Management Approach

Performance management -
managing all elements of the
organizational process that affect how
well employees perform

- ◆ Encompasses goal setting, worker selection & placement, appraisals, compensation, training, & career management



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

- Is the worker's performance level declining?
- Is performance lower on all tasks?

- 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?

- **Streamline work process**
- **Clarify needs to suppliers**
- **Change suppliers**
- **Eliminate conflicting signals or demands**
- **Provide adequate tools**

3.3 Performance management abroad

Qualcomm Uses Performance Management

- They have 400 employees overseas
- Overall goals communicated abroad
- Annual review
- Local managers ensure activities tie to corporate goals

3.4 TQM-based appraisals

TQM-Based Appraisals



Total Quality Management is an organization-wide program that integrates all functions and processes of the business so that design, planning, production, distribution, and field service are focused on maximizing customer satisfaction through continuous improvement



Characteristics of TQM Oriented Appraisals

- Appraisal scale with few performance level categories - avoids forced distribution
- Objectively measures results - avoids subjective criteria like teamwork and integrity
- Is deficiency a result of motivation, training, or supervision

Performance contract & Internal feedback forms



PERFORMANCE CONTRACT

Within the next year, I understand that our organization's objectives are _____ and that the goals of our department are _____. I also understand that our work unit goals are _____.

My key internal customers are _____ and their work needs and expectations are _____.

To make my contribution toward attaining the goals stated above, I understand that I am expected to do the following:

My individual performance goals are _____.

My goals for improving work methods (process) are _____.

My goals for improving specific interpersonal work behaviors when I interact with the following _____ are _____.

I believe these goals are acceptable and attainable. I also understand that I will be evaluated by multiple appraisal sources (supervisor, peers, internal, and, if appropriate, external customers).

Compensation for my work performance will be based on whether my performance was (1) outstanding, (2) fully competent, or (3) unsatisfactory. I understand that the following forms of compensation will be considered: (1) merit award for my individual performance goal attainment, (2) enhancement and utilization of my skills, (3) my work unit's or team's performance (gainsharing), and (4) our organization's performance (profit sharing).

Your signature _____ Supervisor's signature _____

INTERNAL CUSTOMER FEEDBACK

As an internal customer of (insert name) _____, please give him/her feedback regarding his/her work performance and work behaviors. After you have completed this form, send it to _____. Your responses will be tabulated and then discussed with the individual.

To what extent did this individual meet your expectations of work quality in the areas you indicate as important.

	Exceeds	Meets	Doesn't Meet
1. Accuracy of the work you received			
2. Timeliness of the work you received			
3. Dependability of the work you received			
4. Sharing relevant information to help you do your work more efficiently			

In terms of your interactions with this person, please feel free to comment on any of the following:

1. The type of errors and the amount of rework
2. The nature of any work delays
3. Collaborative efforts to improve work or business processes
4. Interpersonal work behaviors

Please list any new expectations that you have regarding the work you receive from this person.

Thank you for completing this feedback form. A follow-up interview with you may be established to discuss the feedback, and if necessary, improvement goals and an action plan will be developed.



Characteristics of TQM Oriented Appraisals

- Provides 360° feedback
- Provides samples of work behavior
- Atmosphere of partnership, constructive advice
- Based on key external and internal customers' needs and expectations

IV. Summary



Summary of Chapter 6

- People want & need feedback – an appraisal gives them that feedback
- Clarify the performance you expect in advance
- We've seen tools like:
 - ◆ Graphic rating scale, alternation ranking method, forced distribution method, BARS, MBO, critical incident method, & computer/web-based methods

Summary of Chapter 6

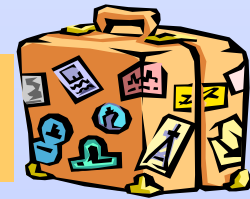
- Be aware of:
 - ◆ Unclear standards, halo effect, central tendency, leniency or strictness problems, & bias in appraisals
- Critical incidents give specific examples of why appraisal was high or low
- Evaluate performance frequently:
 - ◆ Be familiar with their performance; make sure there is agreement concerning job duties; and finally, solicit person's help

Summary of Chapter 6

- We discussed three types of appraisal interviews
- To cause constructive change in subordinate's behavior, get person to talk
- Appraisals help in managing performance by providing concrete and non-threatening basis for analysis of employee's work-related performance



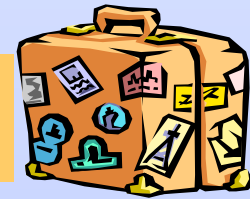
End of Chapter Question 1



- What would you consider the strategy of our university (e.g., research, undergraduate teaching, graduate teaching, combination)? How might the performance-management system for faculty members fulfill its strategic purpose of eliciting the types of behaviors and results required by this strategy?



End of Chapter Question 2



- Superficially, it seems preferable to use objective performance data (such as productivity figures), when available, rather than subjective supervisory ratings to assess employees. Why might objective data be less effective performance measures than subjective ratings?