

PERFORMANCE APPRAISALS

Performers Appraisal Learning Objectives

- Explain Purposes of Performance Management
- Identify Success Factors in Good Programs
- Identify Sources of Information for Evaluation
- Explain Key Methods used in Managing Performance
- Outline the Manager/Sub-Ordinate Interview

Purpose of Performance Appraisal Systems

- Goal: *Maintain Organizational Productivity*
- Results:
Organization Productivity ↔ *Individual Performance*
- Methods: *Individual Performance* ↔ *Goals*



Objectives

- Opportunity to Regularly Discuss Results
- Supervisor Identifies Strengths and Weaknesses
- Fair and Equitable Format
- Basis for Salary/Promotion Recommendations



Main Purposes of Performance Management

- Individual Rewards (Base and Incentive)
- Feedback for Sub-Ordinate (Plus and Minus)
- Recognition of Superior Performance
- Documentation of Weak Performance
- Personnel Decision-Making
- Future Goal Commitments (Planned Achievements)

Reasons for Appraisals

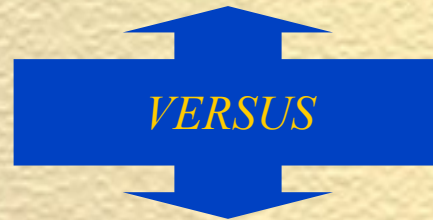
- Compensation "Pay for Performance"
- Job Performance Improvements
- Feedback to Subordinates
- Documentation for Decisions
- Goal Setting - Later Evaluation
- Promotion Decisions
- Identify Training Needs
- HR Planning

Primary Uses of Performance Appraisals

	Small Organizations	Large Organizations	All Organizations
Compensation	80.2%	66.7%	74.9%
Performance improvement	46.3%	53.3%	48.4%
Feedback	40.3%	40.6%	40.4%
Documentation	29.0%	32.2%	30.2%
Promotion	26.1%	22.8%	24.8%
Training	5.1%	9.4%	7.3%
Transfer	8.1%	6.1%	7.3%
Discharge	4.9%	6.7%	5.6%
Layoff	2.1%	2.8%	2.4%
Personnel research	1.8%	2.8%	2.2%
Manpower planning	0.7%	2.8%	1.5%

Trends in Managing Performance

Appraising/Evaluating



Managing Performance

Superior Performance leads to Superior Rewards



Issue: How to objectively measure specific goals!

Who Performs the Appraisal?

- Immediate Supervisor
- Higher Management
- Self-Appraisals
- Peers (Co-Workers)
- Evaluation Teams
- Customers
- “360° Appraisals”



Supervisor Appraisal

- Performance appraisal done by an employee's manager and often reviewed by a manager one level higher.



Self-Appraisal

- Performance appraisal done by the employee being evaluated, generally on an appraisal form completed by the employee prior to the performance review



Subordinate Appraisal

- Performance appraisal of a superior by an employee, which is more appropriate for developmental than for administrative purposes.



Peer Appraisal

- Performance appraisal done by one's fellow employees, generally on forms that are compiled into a single profile for use in the performance interview conducted by the employee's manager.

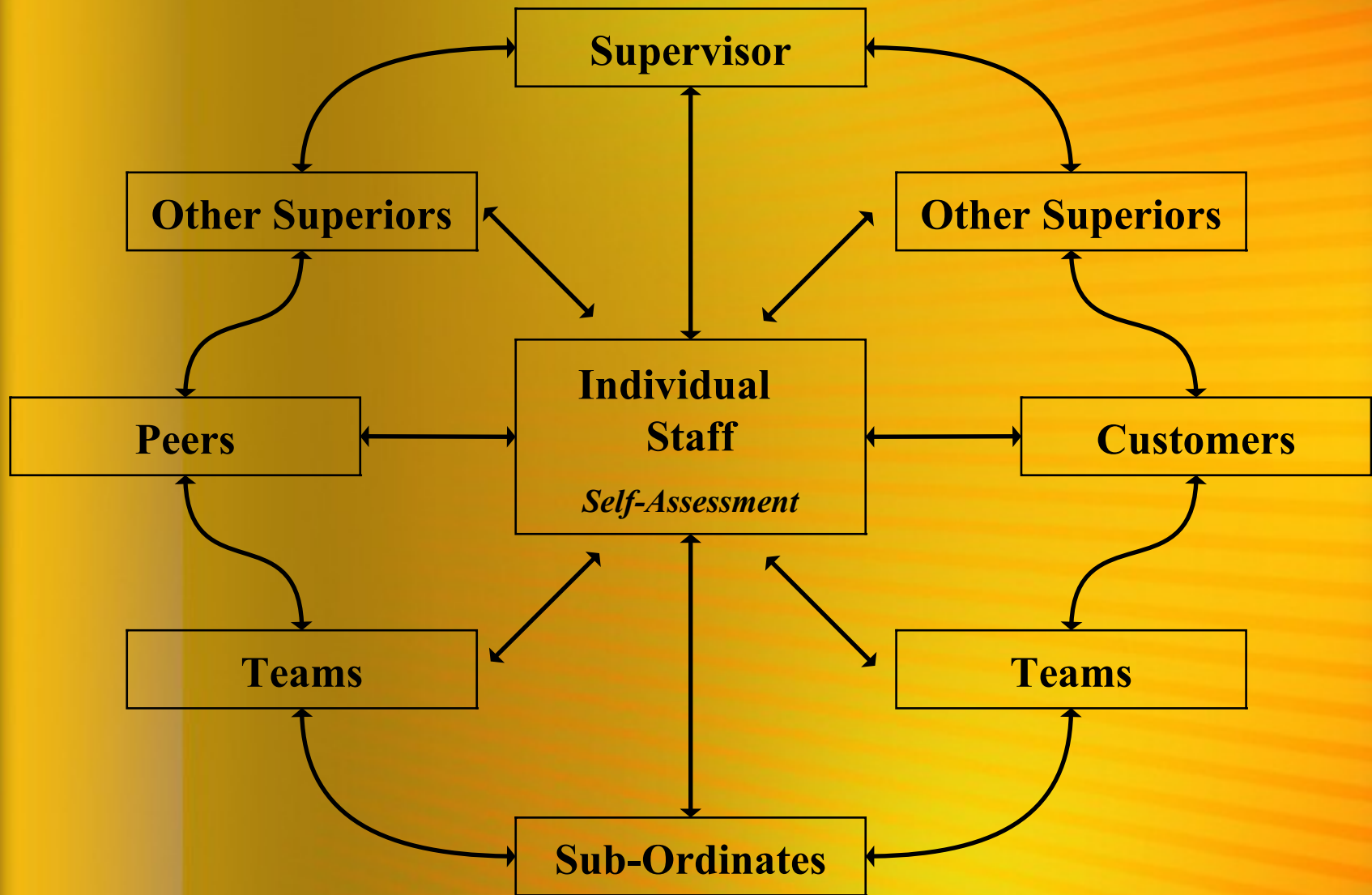


Team Appraisal

- Performance appraisal, based on TQM concepts, that recognizes team accomplishment rather than individual performance.

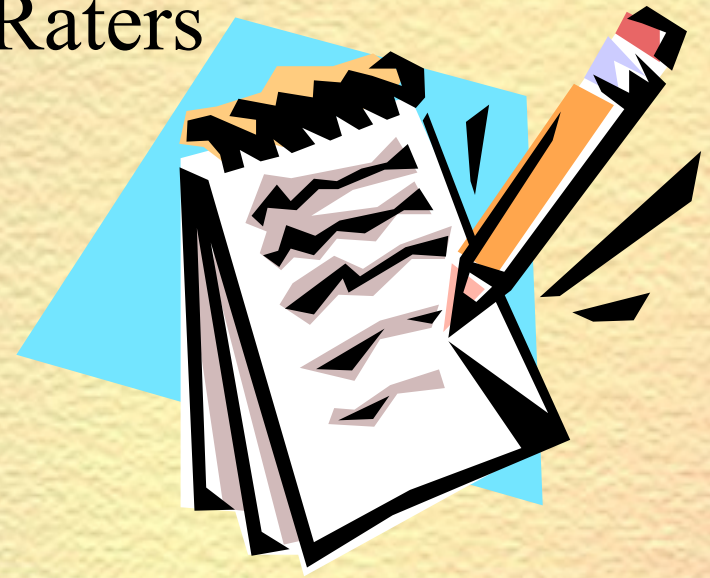


The 360° Appraisal Interview



Performance Appraisal Problems

- Popularity Contest
- Punitive Implications
- Control Relinquishment
- Stereotypes
- Poor Training of Raters



Peer Appraisal Concerns



- Disadvantages?
- Advantages?



Rating Errors Issues

- Carefully Developed Behavior Descriptions Fair
- Evaluation Scales
- Factor Relatedness to the Job



Types of Rating Errors

- Leniency/Strictness Error
 - Define Anchors (Dimensions)
 - Force A Curve
- Central Tendency
 - Reluctant to Give High/Low
 - Explain Need for Variability
- Recency Error
 - Last Action Halo
 - Encourage Frequent Evaluation

Error of Central Tendency

- Performance-rating error in which all employees are rated about average.



Leniency or Strictness Error

- Performance-rating error in which the appraiser tends to give employees either unusually high or unusually low ratings.



Recency Error

- Performance-rating error in which the appraisal is based largely on the employee's most recent behavior rather than on behavior throughout the appraisal period



Rating Errors Example

Halo



Job Rating Scale
EXCELLENT
on all factors

Leniency



Job Rating Scale
Employee A
EXCELLENT

Job Rating Scale
Employee B
EXCELLENT

Job Rating Scale
Employee C
SUPERIOR

Job Rating Scale
Employee D
EXCELLENT

**Central
Tendency**



Job Rating Scale
Employee A
AVERAGE

Job Rating Scale
Employee B
AVERAGE

Job Rating Scale
Employee C
AVERAGE

Job Rating Scale
Employee D
AVERAGE

**Recency
Bias**



Job rating scale behavior during the
last month has been POOR.

Similar-To-Me Error

- Performance-rating error in which an appraiser inflates the evaluation of an employee because of a mutual personal connection.



Appraisal Training Programs Needs

1. Explain Objectives
2. Review the Instrument
3. Define the Performance Standards
4. Understand Typical Subjective Errors
5. Teach Interviewing Skills

Scheduling the Performance Appraisal

1. Schedule the review and notify the employee ten days or two weeks in advance.
2. Ask the employee to prepare for the session by reviewing his or her performance, job objectives, and development goals.
3. Clearly state that this will be the formal annual performance appraisal.

Preparing for the Review for the Performance Appraisal

1. Review the performance documentation collected throughout the year. Concentrate on work patterns that have developed.
2. Be prepared to give specific examples of above- or below-average performance.
3. When performance falls short of expectations, determine what changes need to be made. If performance meets or exceeds expectations, discuss this and plan how to reinforce it.
4. After the appraisal is written, set it aside for a few days and then review it again.
5. Follow whatever steps are required by your organization's performance appraisal system.

Appraisal Interviews

- Schedule the interview 10 to 14 days in advance.
- Provide subordinates with a “guide” to follow in planning for the interview.
- Consider which of the following approaches to use:
 - Tell-and-sell method
 - Tell-and-listen method
 - Problem-solving method (generally preferable)

Tell-and-Sell Interviews

1. Supervisor persuades employee to change in a prescribed way.
2. Employees sees how changed behavior will be of great benefit.



Tell-and-Listen Interviews

1. Supervisor covers strengths/weaknesses for first half
2. Solicits employee's feelings about comments
3. Deal with disagreement, non-defensively
4. Negotiate future concrete objectives



The Problem Solving Interview

1. Discuss strengths and weaknesses since last review
2. Explore feelings of sub-ordinate
3. Listening, accepting, and responding are essential
4. Stimulate growth (performance) job
5. Discuss problems, needs, innovations, satisfactions and dissatisfactions since last review
6. Listen and respond with goal of helping person and productivity.

Appraisal Interviews

- During the Interview:
 - Emphasize strengths to build on.
 - Suggest more acceptable ways of acting.
 - Concentrate on present opportunities for growth.
- Techniques:
 - Listen more than you talk.
 - Use a variety of types of questions.
 - Avoid the sandwich technique.

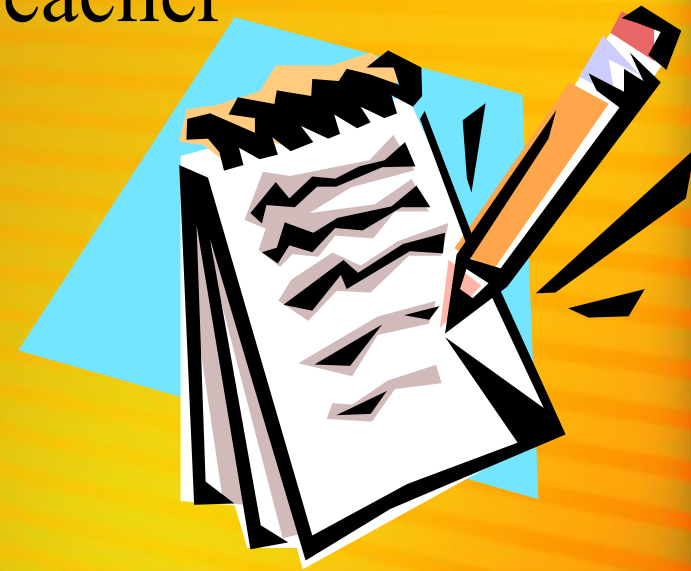
Establishing Job Related Performance Standards

1. Relevant
2. Free From Contamination
3. Reliable - Inter Rater Consistency



Appraisal Program Failure Concerns

1. Little Benefit Relative to Time Commitment
2. Face to Face Confrontation
3. Unskilled Appraisers
4. Role Conflict: Judge or Teacher



Appraisal Methods

- Rating Scales
- Essay
- Management by Objectives
- Check Lists by Key Words
- Forced Choice Statements
- Ranking of Employees

Rating Scale Methods

(most popular)

(Check each trait being evaluated)

1. Global Scale (Total Performance)
2. Mixed Standard Scale (Choose from Different Statements)
3. Behaviorally Anchored Rating Scale
(Descriptions along the scale to define)

Behaviorally Anchored Rating Scale (BARS)

- A behavioral approach to performance appraisal that consists of a series of vertical scales, one for each important dimension of job performance.





Example of a BARS for Municipal Fire Companies

FIREFIGHTING STRATEGY: Knowledge of Fire Characteristics. This area of performance concerns the ability of a firefighter to use his or her knowledge of fire characteristics to develop the best strategy for fighting a fire. It involves the following activities: Observe fire and smoke conditions and locate source of fire. Size up fire and identify appropriate extinguishing techniques and ventilation procedures. Consult preplan reports. Apply knowledge of heat and fluid mechanics to anticipate fire behavior. Identify and screen or saturate potential exposures using direct or fog streams or water curtains. Identify and remove or protect flammable or hazardous materials.

HIGH	7	
	6	—Finds the fire when no one else can —Correctly assesses best point of entry for fighting fire —Uses type of smoke as indicator of type of fire
	5	—Understands basic hydraulics
AVERAGE	4	
	3	—Cannot tell the type of fire by observing the color of flame —Cannot identify location of the fire
LOW	2	—Will not change firefighting strategy in spite of flashbacks and other signs that accelerants are present
	1	

Graphic Rating-Scale Method

- Performance appraisal whereby each employee is rated according to a scale of pre-defined characteristics that are job performance related.





Graphic Rating Scale with Provision for Comments

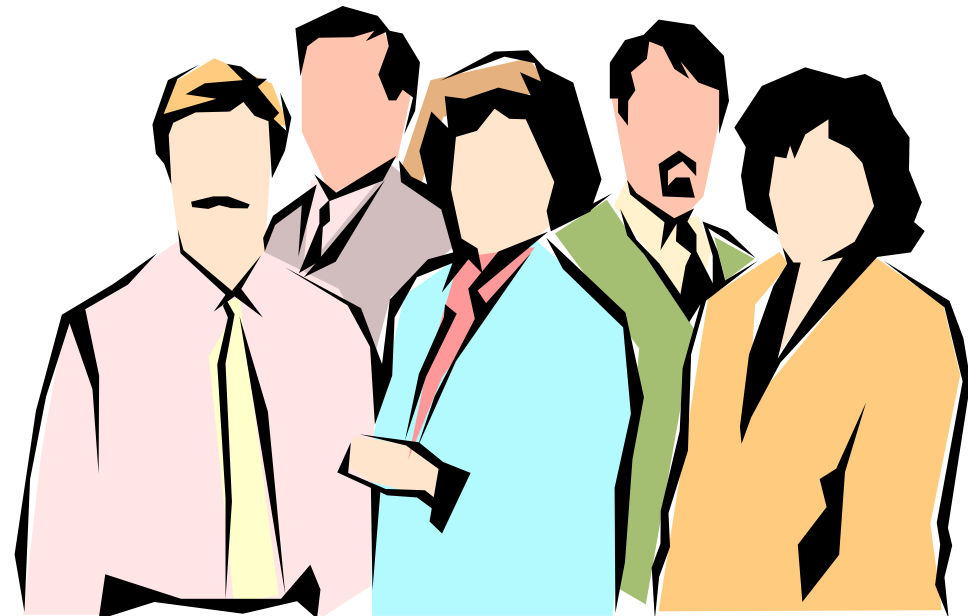
HIGHLIGHTS IN HRM

Appraise employee's performance in PRESENT ASSIGNMENT. Check (✓) most appropriate square. Appraisers are urged to freely use the "Remarks" sections for significant comments descriptive of the individual.

1. KNOWLEDGE OF WORK: Understanding of all phases of his/her work and related matters	Needs instruction or guidance	Has required knowledge of own and related work	Has exceptional knowledge of own and related work
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Remarks: <i>Is particularly good on gas engines.</i>			
2. INITIATIVE: Ability to originate or develop ideas and to get things started	Lacks imagination	Meets necessary requirements	Unusually resourceful
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Remarks: <i>Has good ideas when asked for an opinion, but otherwise will not offer them. Somewhat lacking in self-confidence.</i>			
3. APPLICATION: Attention and application to his/her work	Wastes time Needs close supervision	Steady and willing worker	Exceptionally industrious
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Remarks: <i>Accepts new jobs when assigned.</i>			
4. QUALITY OF WORK: Thoroughness, neatness, and accuracy of work	Needs improvement	Regularly meets recognized standards	Consistently maintains highest quality
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Remarks: <i>The work he turns out is always of the highest possible quality.</i>			
5. VOLUME OF WORK: Quantity of acceptable work	Should be increased	Regularly meets recognized standards	Unusually high output
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Remarks: <i>Would be higher if he did not spend so much time checking and rechecking his work.</i>			

Forced-Choice Method

- A trait approach to performance appraisal that requires the rater to choose from statements designed to distinguish between successful and unsuccessful performance.




Essay Method

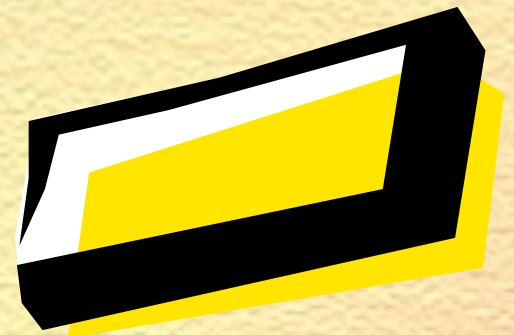
- A trait approach to performance appraisal that requires the rater to compose a statement describing employee behavior.



Essay Method

- Write a Behavioral Statement
- Strengths versus Weaknesses
- Describe Selected Traits
- Evaluate Performance

Advantages  Disadvantages





Example of a Goal-Setting Worksheet

UNIVERSAL SERVICE CORPORATION

Employee's Rating Record

Name _____ Date _____
Job Title _____ Department _____
Appraised by _____ Date Started _____

Summary of Appraisal

Development Needs

Major Responsibilities and Period Goals	Evaluation of Attainment Goals
Responsibility _____ Goal _____	
Responsibility _____ Goal _____	
Responsibility _____ Goal _____	



Example of a Mixed-Standard Scale

DIRECTIONS: Please indicate whether the individual's performance is above (+), equal to (0), or lower (-) than each of the following standards.

1. ____ Employee uses good judgment when addressing problems and provides workable alternatives; however, at times does not take actions to prevent problems. (*medium PROBLEM SOLVING*)
2. ____ Employee lacks supervisory skills; frequently handles employees poorly and is at times argumentative. (*low LEADERSHIP*)
3. ____ Employee is extremely cooperative; can be expected to take the lead in developing cooperation among employees; completes job tasks with a positive attitude. (*High COOPERATION*)
4. ____ Employee has effective supervision skills; encourages productivity, quality, and employee development. (*medium LEADERSHIP*)
5. ____ Employee normally displays an argumentative or defensive attitude toward fellow employees and job assignments. (*low COOPERATION*)
6. ____ Employee is generally agreeable but becomes argumentative at times when given job assignments; cooperates with other employees as expected. (*medium COOPERATION*)
7. ____ Employee is not good at solving problems; uses poor judgment and does not anticipate potential difficulties. (*low PROBLEM SOLVING*)
8. ____ Employee anticipates potential problems and provides creative, proactive alternative solutions; has good attention to follow-up. (*high PROBLEM SOLVING*)
9. ____ Employee displays skilled direction; effectively coordinates unit activities; is generally a dynamic leader and motivates employees to high performance. (*high LEADERSHIP*)

Critical Incident

- Unusual event that denotes superior or inferior employee performance in some part of the job.



Management By Objective (MBO)

- Philosophy of management that rates performance on the basis of employee achievement of goals set by mutual agreement of employee and manager.

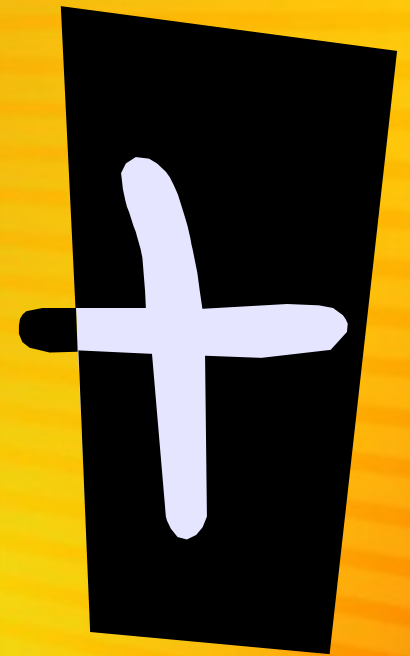


Management by Objectives (Peter Drucker)

- Integrates performance and goal setting
- Frequent intervals
- Record maintenance
- Objective review jointly
- Mutual buy-in

Advantages of MBO

- Employees Can Measure Performance
- Quantifiable Goals
- Joint Effort
- Employee Satisfaction in Participation



Disadvantages of MBO

- Success Not Validated by Research Studies
- Easy to Set Unrealistic Goals
- Hard to Get Full Commitment to Process
- Difficult to Define Some Goals



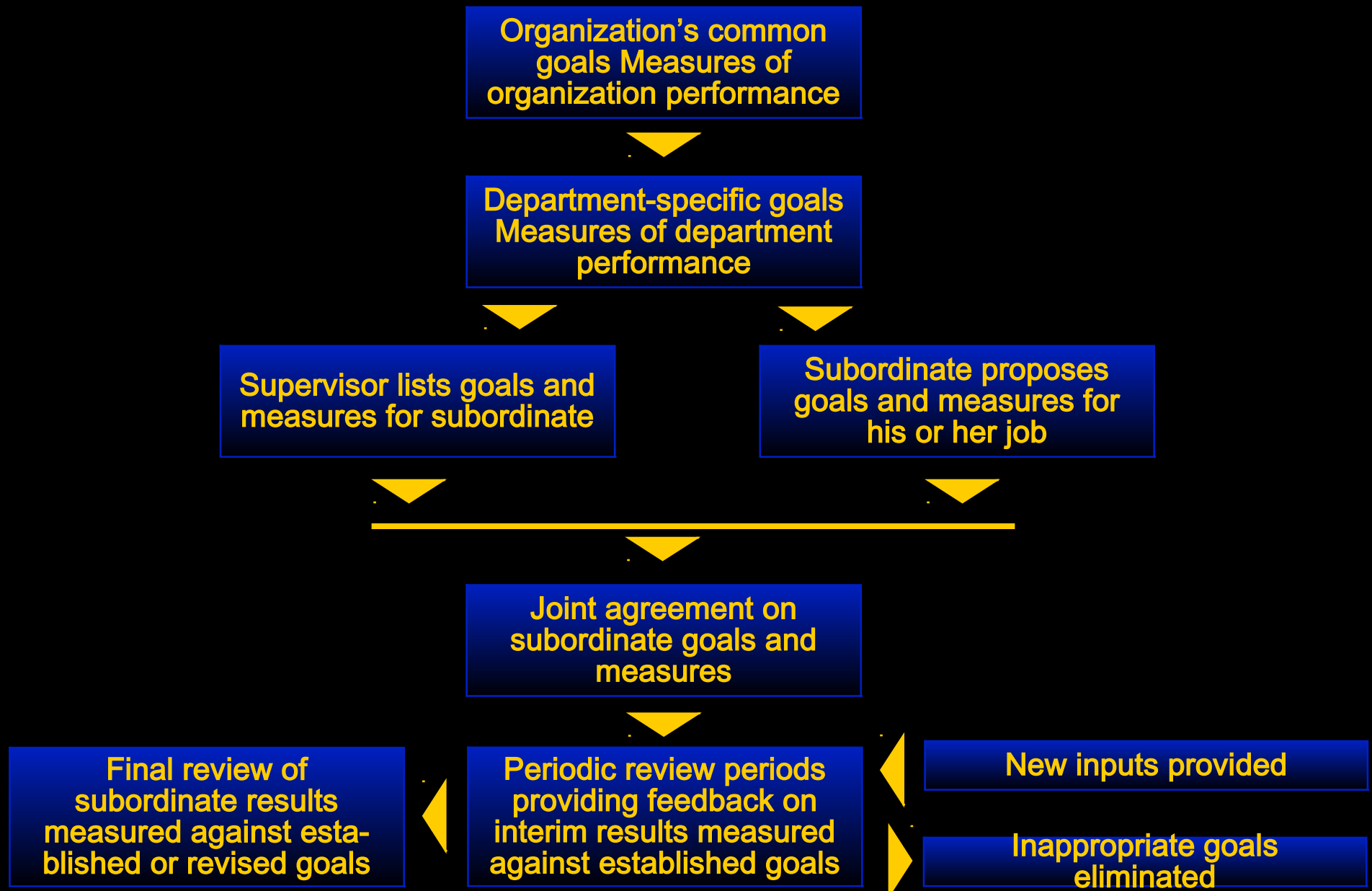
Performance Appraisal Interview Needs

- Trained Interview Techniques
- Honesty in Appraisal
- Well Planned Structure
- Carefully Conducted
- Feedback Openness
- Adequate Time (more than one session occasionally)

Procedural Guidelines

1. Listen More Than Talk (1/3 rule)
2. Vary the Questions (Open ended/elaboration)
3. Follow-up Questions (force through responses)
4. Reflect Feelings (clarify-sincerity)
5. Avoid Sandwich Technique (Positive-Negative-Positive)
 - Why? Signals Bad News
 - No More Bad News
 - Discourages Real Communication

Measuring Performance



Performance Appraisal

- Amoco Performance Management
 - Description
 - Process
 - Developing
 - Reviewing
 - Pay Decision
 - Skills Assessment
 - Appraisal

Performance Appraisal Examples

Performance Appraisal Form

Performance Management Form

Self-Evaluation

Critical Success Factors

Professional Staff Evaluation Process