

Establishing The Performance Management System

.

Performance Management

Performance Management system is the continuous process of identifying, measuring, and developing performance of individuals and teams and aligning their performance with the organizational goals.

Performance Management *Identifying

*Measuring

* Developing

*employees Performance

Individuals and in form of teams

*organizational Goals

Performance Appraisal

- Performance Appraisal means evaluating an employee's current and past performance relative to his or her performance standards.

Why Appraise Performance

First, Most employer's still base pay and promotional decisions on the employee's appraisal.

The appraisal lets the boss and subordinate develop a plan for correcting any deficiencies, and to reinforce the things the subordinate does right.

Appraisals should serve a useful career planning purpose. They provide an opportunity to review the employee's career plans in light of his or her strengths and weaknesses.

Appraisals play an integral role in the employer's performance management process.

The Appraisal Process

- 1) Establishing Performance Standards with employees
- 2) Communicate Expectations
- 3) Measure Actual Performance
- 4) Compare Actual Performance With Standards
- 5) Discuss the Appraisal with the employees
- 6) If necessary, initiate corrective actions.

Establishing Performance Standards

- Setting up the standards
- SMART
- s = Specific
- M = Measureable
- A = Attractive
- R = Relatable
- T= timebound

Communicate the standards

- Once standards has set, it is the responsibility if the management to communicate the standards to all the employees of the organization
- This will help them to understand their roles and to know
- What exactly management is expected from them.

Measure Actual Performance

- How we measure
 - What we measure
- 1) Personal Observation
 - 2) Statistical reports
 - 3) Oral reports
 - 4) Written reports

Corrective Actions

- Immediate Corrective Actions
- Basic Corrective Actions

Immediate Corrective Actions

- Immediate corrective action corrects problems such as mistakes in procedures, faulty training and gets the employee back on track right away.

Basic Corrective Actions

- Basic corrective action ask how and why performance deviated from the expected performance standard and provides training or employee development activities to improve performance.

Appraisal Methods

- 1) Absolute Standards
- 2)relative Standards
- 3)outcomes

Absolute Standards

- This means that employees are **compared to a standard**, and their evaluation is **independent** of any other employee in a work group.
- This process assess employee job traits and behaviors

It includes

- 1)critical incident appraisal
- 2)The checklist Appraisal
- 3)Graphic rating scale
- 4)Forced Choice
- 5)Behaviorally anchored rating scale(BARS)

Relative Standards Method

- The second category of appraisal methods compare individuals against other individuals.
- It includes
 - 1)Group order ranking
 - 2)Individual ranking
 - 3)Paired comparison

Critical Incident Appraisal

- Focuses the rater's attention on critical or key behaviors that make the difference between doing a job effectively and doing it ineffectively.
- The appraiser writes down by describing employee actions that are effective or ineffective.

Checklist Appraisal

- In the Checklist Appraisal, the evaluator uses a list of behavioral descriptions and checks off behaviors that apply to the employee.
- The evaluator goes down the list and check off **yes or no** to each question

Checklist Appraisal

- 1) Are supervisor's order usually followed yes
- 2) Does the individual approach customers promptly yes
- 3) Does the individual suggest additional merchandise
to customers yes
- 4) Does the individual lose his/her temper in public yes no

Graphic Rating Scale Appraisal

- Graphic rating scale can be used to assess factors such as quantity and quality of work , job knowledge, cooperation, loyalty, dependability, attendance, honesty, integrity, attitudes, and initiative.

Forced Choice Appraisal

- It is a type of checklist Appraisal where the rater must choose between two or more statements.

Behaviorally Anchored Rating Scales

- A performance appraisal technique that generates critical incidents and develops behavioral dimensions of performance. The evaluator appraises behaviors rather than traits.
- These scales combine major elements from the critical incident and graphic rating scale approaches.

Relative Standards Methods

- Evaluating an employee's performance by comparing the employee with other employees.

Relative Standards Methods

- The most popular of the relative methods are
 - group order ranking
 - individual ranking
 - and paired comparison

Group Order Ranking

- Evaluating an employees performance by placing them into particular classification.
- Example: Evaluator places employees into a particular classification such as top 20% of the population.

Individual Ranking

- Ranking employees' performance from highest to lowest.
- In this process, only one employee can be rated “best.”

Paired Comparison

- The paired comparison method selects one job trait, and then compares each employee in a group with the others.

Outcomes

- An appraisal method that includes mutual objective setting and evaluation based on attainment of the specific objectives.
- MBO (management by objective)

Factors that Distort Appraisal

- Leniency Error
- Halo Error
- Similarity Error
- Central Tendency
- Inflationary Pressures
- Inappropriate Substitutes

leniency error

- Performance appraisal distortion caused by evaluating employees against one's own value system.
- Referred to as positive leniency error, and the latter as negative leniency error. When evaluators are positively lenient in their appraisal, an individual's performance becomes overstated. In doing so, the performance is rated higher than it actually should be. Similarly, a negative leniency error understates performance, giving the individual a lower appraisal.

Halo Error

- The halo error or effect occurs when one is rated either extremely high or extremely low on all factors based on a rating of one or two factors.

Similarity Error

- When evaluators rate other people in the same way that the evaluators perceive themselves, they make a similarity error.
- they project self-perceptions onto others.
- For example, the evaluator who perceives himself or herself as aggressive may evaluate others by looking for aggressiveness.

Low Appraiser Motivation

- If the evaluator knows that a poor appraisal could significantly hurt the employee's future—particularly opportunities for promotion or a salary increase—the evaluator may be reluctant to give a realistic appraisal. Evidence indicates that it is more difficult to obtain accurate appraisals when important rewards depend on the results

Central Tendency

- Central tendency occurs when a rater refuses to use the two extremes (for instance, outstanding and unacceptable, respectively).
Raters
- The tendency of a rater to give average ratings.
- For example, if a supervisor rates all employees as 3 on a scale of 1 to 5, no differentiation among the employees exists. Failure to rate deserving employees as 5 or as 1, as the case warrants it, will only create problems, especially if this information is used for pay increases.