**CHAPTER 5: PERFORMANCE MEASUREMENT**

# Learning Objectives

## Module 5.1

Identify the uses for performance (criterion) data.

Describe the differences between performance appraisal and performance management.

Understand the influences on perceptions of fairness in performance measurement.

## Module 5.2

Identify the structural characteristics of performance ratings scales.

Describe the different rating formats that are available for performance measurement.

Distinguish among different types of rating scales.

## Module 5.3

Identify different rating sources that can be included in performance evaluations.

Understand the common rating errors that occur in performance evaluation.

Describe rater training approaches and how they can be used to reduce rating errors.

## Module 5.4

Understand how social context of the work environment can affect performance ratings.

Describe issues that should be considered regarding the performance feedback process.

Understand how the law and legal considerations are related to performance evaluation.

# Chapter Outline

## Module 5.1 Basic Concepts in Performance Measurement

Uses for Performance Information

*Relationships among Performance Measures*

*Hands-On Performance Measures*

*Electronic Performance Monitoring*

*Performance Management*

## Module 5.2 Performance Rating—Substance

Close-Up on a Rating System

Theories of Performance Rating

Focus on Performance Ratings

*Overall Performance Ratings*

*Trait Ratings*

*Task-Based Ratings*

*Critical Incidents Methods*

*OCB and Adaptive Performance Ratings*

*Structural Characteristics of a Performance Rating Scale*

Rating Formats

*Graphic Rating Scales*

*Checklists*

*Behavioral Rating*

Employee Comparison Methods

*A New Variation on the Paired Comparison Method: CARS*

*Concluding Thoughts on Performance Rating Formats*

## Module 5.3 Performance Rating—Process

Rating Sources

*Supervisors*

*Peers*

*Self-Ratings*

*Subordinate Ratings*

*Customer and Supplier Ratings*

*360 Degree Systems*

Rating Distortions

*Central Tendency Error*

*Leniency–Severity Error*

*Halo Error*

Rater Training

*Administrative Training*

*Psychometric Training*

*Frame-of-Reference Training*

The Reliability and Validity of Ratings

*Reliability*

*Validity*

## Module 5.4 The Social and Legal Context of Performance Evaluation

The Motivation to Rate

Goal Conflict

Performance Feedback – covered in PowerPoint under Module 5.3

*Destructive Criticism*

*360-Degree Feedback*

Performance Evaluation and the Law

*Performance Evaluation and Protected Groups*

# Glossary Terms for Chapter 5

This list of key terms and important concepts from Chapter 5 can be used in conjunction with reviewing the material in the textbook. After reviewing Chapter 5 in the textbook, define each of the following key terms and important concepts fully. Check your answers with the textbook, and review terms with which you have difficulty. Good luck!

## Module 5.1

objective performance measure

judgmental performance measure

hands-on-performance measurement

performance appraisal

performance management

## Module 5.2

task performance

organizational citizenship behavior (OCB)

counterproductive work behavior (CWB)

duties

critical incidents

graphic rating scale

checklist

weighted checklist

forced-choice format

behaviorally anchored rating scales (BARS)

behavioral observation scale (BOS)

employee comparison methods

simple ranking

paired comparison

## Module 5.3

360-degree feedback

rating errors

central tendency error

leniency error

severity error

halo error

psychometric rater training

frame-of-reference (FOR) training

## Module 5.4

destructive criticism

forced-distribution rating system

policy capturing

# Practice Questions for Chapter 5

Multiple Choice Items: Please choose the correct answer to the following questions. Answers are shown at the end of the chapter in this Study Guide.

1. Which of the following is false concerning performance measures?

a. Relationships among different types are generally low to moderate.

b. They are interchangeable and may be substituted for one another.

c. Each type gives a different perspective on performance.

d. There are low correlations between supervisory ratings and objective measures.

2. All of the following are likely to make employees feel more positively toward performance monitoring except:

a. They believe the activities monitored are job relevant.

b. They are able to delay or prevent monitoring at particular times

c. They are aware when it is taking place so they can censor their actions.

d. They are able to participate in the design of the monitoring system.

3. Performance \_\_\_\_\_\_\_\_\_\_\_ systems are developed by HR and handed to managers to use in evaluation of subordinates; performance \_\_\_\_\_\_\_\_\_\_\_ feedback occurs whenever a supervisor or subordinate feels a discussion about expectations and performance is necessary.

a. criteria; management

b. management; criteria

c. appraisal; management

d. management; appraisal

4. A performance rating form used for administrative purposes would be least valid for which of the following circumstances?

a. Salary adjustment

b. Employee feedback

c. Promotion

d. Firing

5. Which of the following is false concerning task-based ratings?

a. They tend to be the most easily defended in court.

b. They are generally most easily accepted by incumbents.

c. The rating systems are usually direct extensions of job analysis.

d. They rely on some trait analysis for accuracy.

6. When central tendency error occurs, it is often observed that:

a. average performers receive the best scores.

b. an extreme score is avoided in favor of a “safe” score.

c. average performers are favored.

d. extreme scores are chosen to move people away from the mean.

7. Julie is reluctant to assign bad ratings for her subordinates for fear of “ruffling feathers.” As a result, she tends to be unusually easy in her ratings. Julie is committing what type of error?

a. Central tendency error

b. Halo error

c. Leniency error

d. Severity error

8. In looking at how judges perceive performance evaluation, the characteristics most commonly cited in court decisions include all of the following except:

a. whether raters were consistent over time.

b. whether a job analysis was used to develop the system.

c. whether the raters were given written instructions.

d. whether multiple raters agreed on the ratings.

# Chapter 5 Exercises

**Exercise 5.1**. The concepts of “contextual performance” and “adaptive performance” share something in common. Examine the list of features below and identify one feature that these concepts share in common. For the other 5 features, identify whether each predominantly describes contextual performance or adaptive performance.

1) Applies predominantly to service jobs (e.g., hotel, restaurant jobs).

2) Important when technologies continuously alter workplaces and work procedures.

3) Depend heavily on declarative knowledge.

4) Make substantial contributions when the work involves multicultural environments.

5) Expect individuals to violate organizational rules in some cases.

6) Depend on clear statements of performance expectations.

**Exercise 5.2**. If you were asked to advise an HR manager about a potential revision of an organization’s performance appraisal system, what information would you ask for? What factors would affect whether would you recommend including contextual performance measures as part of the formal performance appraisal system?

# Answer Key for Multiple Choice Questions for Chapter 5

1. b

2. c

3. c

4. b

5. d

6. b

7. c

8. a