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Performance appraisal has been around as long as people have worked. Performance appraisal has become a key element of HRM. Performance management is a continuous process that links together performance, motivation, individual goals, departmental purpose and organisational objectives. It is argued that performance management is synonymous with the totality of day to day management activity, because it is about how work can be organised to achieve the best possible results. Imperative to ensure from day one that employees understand the nature of their tasks and how these fit into broader organisational culture. Most systems broadly similar, in that they link strategy and planning with employee socialisation, monitoring and review of progress.

Performance management defined as system and attitudes which help organisation to plan, delegate and assess the operation of their services. What does this system comprise of? 1- Individual performance targets which are related to the operating unit and wider organisational objectives. 2- Regular formal review of progress towards targets. 3- Review process which identifies training and development needs and rewards culture. 4- Evaluation of the whole process and its contribution to overall organisational performance to allow changes and improvements to be made. There is a growing critique of performance management. It is viewed as adding more pressure to a short term view, which may hamper performance over the long run. It often advocates a single best way, neglecting some important variables such as unionisation. It is supposed to be line manager driven but can studies report the motivating force in organisation as being the chief executives and HR departments. Growing concern that performance management because of their focus on the bottom line have added unduly to the pressure and stress of work life for many employees. View that it is ineffective.

How is appraisal conducted? There are a range of methods from the simplest of ranking schemes through objective, standard and competency based systems to complex behaviourally anchored rating schemes. Scheme used is largely a reflection of its managerial beliefs and the amount of resources it has available to commit and the expertise it possesses. The main reason behind the use of multiple systems is the wish to separate out reward and non-reward aspects of appraisal, different systems for different groups and separate systems for different parts of the organisation.

Main purposes and benefits of appraisal are: Clarification of performance expectations and standards, Allocation of rewards, identification of learning and development needs, Career management, counselling, discipline, planning remedial actions, setting goals and targets, improved motivation and

major, improved employee productivity and quality, job satisfaction, increased trust and improved communication performance. Management now seen by some of being much more important in maintaining employee loyalty and commitment than in directly managing performance.

Upward Appraisal. A recent addition, more common in the US which involves the employee rating their manager's performance via an anonymous questionnaire. Advocates claim benefits in improved managerial effectiveness and leadership and increased employee voice and empowerment. It is seen as being more in-tune with the de-layered organisation where managerial spans of control are greater and working arrangements much more diverse.

360° performance appraisal. Origin in the US Army, where military researchers found that peers opinions were more accurate indicators of a soldier's ability than were those of superiors. It is used to describe the all-encompassing direction of feedback derived from a composite rating from peers, subordinates, supervisors and occasionally customers. Usually conducted via an anonymous survey with many organisations using fully structured questionnaires based upon models of managerial competency. Unstructured systems have the advantage of tapping into key aspects of managerial performance. The danger is that incompetent managers may for better than one who is highly effective but not particularly pleasant. Can provide a more meaningful approach/appraisal for employees with little contact with their workplace. Ratings are only as good as the question asked and often the interpretation of question wording is far from clear. All rated are given the same question, despite the different context whether the data is consistent, accurate, valid or useful? Items based on actual behaviour tend to be more effective. It remains to be seen whether benefits gained are outweighed by the time and cost involved.

Customer appraisal. Customer care programmes are now widespread in public and private sector. The impact is that organisations are now increasingly setting employee performance standards based upon customer care indicators and appraising staff against these. Data can be gathered in a number of ways but mainly by customer surveys or surveillance techniques used by managers to sample the service encounter. There has been an increase in the mystery or phoney shopper. It is argued to give a comparison a rich source of data that can't be uncovered by other means such as surveys.

Team-based appraisal. Work is increasingly being restructured into interdependent work teams, yet appraisal remains based on the individual. 2 main versions of team appraisal. First the manager appraises the team as a whole, making no attempt to differentiate one member from another in performance terms. Equal ratings and rewards are given for all of the team, regardless of performance. In the other

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Form, team members appraise each other, usually via the use of an anonymous survey.

Competency based appraisal. Assessment of competencies in appraisal has a number of benefits. Evaluation of competencies identified as central to a good job performance provides a useful focus for analysing the progress an individual is making in the job whilst in directing employee attention to areas where there is scope for improvement. Helps concentrate the appraisal on the key areas of performance and effectiveness and provides language for feedback. There are running costs involved and a wider critical debate surrounds the competency movement in general.

Problems of appraisal. It is the topic everyone loves to hate with ranking being the most disliked managerial activity. It could conflict between appraiser and appraisee, has limited value and may be dysfunctional in the improvement of employee performance and its use contributes little to the strategic management of the organisation. Most managers are not naturally good at conducting performance appraisal. Appraisal meetings are reported as being short lived, ill structured and often breeding encounters. Questions of political manipulation arise, with a move to more objective forms of performance appraisal encouraged by performance management models. Difficulty in achieving a balance between maintenance and innovation objectives, in setting objectives that cover a whole job so that performance does not get skewed to part of it and a lack of flexibility to redefine objectives as circumstances change during the appraisal cycle. Measurement is often difficult and a fudge on short term rather than long term.

Validity. Halo effect occurs when the appraiser must describe traits and allows these to spread to all attributes. Horn effect is the reverse and results in central tendencies. Appleyard effect occurs when appraisers reward similarities between themselves and the appraisee. Recency effect where only events that have happened

recently are remembered. Confirmation bias where the appraiser looks for info that confirms their pre conceived evaluation of the employee. Impression effect where employees use effective impression management to lead into the appraiser into thinking/believing their performance is better than it actually is.

Conflict of purpose. Employee unlikely to deal performance problems. Review for reward tends to be backward facing and future development needs may be overlooked. It is generally agreed that it makes sense to reward the best performers. However, the majority of those in an organisation believe that their work merits reward and if that reward is not forthcoming they feel demotivated. They are more likely to want a performance related pay system which they see as fair, equitable, consistent and transparent.

Control or commitment - Shift away from using review for career planning and determining future potential to one of control and manipulation. The culture is not conducive to its introduction - will only be successful if it is introduced into an open culture of trust.

Does it work? It assumes that workers will accept feedback and amend behaviour accordingly. Satisfaction and work performance is mediated by an individual's work motivation. Developmental review can demotivate the best employees who already perform well autonomously and are highly committed and motivated. Success is determined by the attitude and aims of those involved rather than the quality of the paperwork. Reviews often seen as bureaucratic, expensive, time consuming and a waste of time carried out to satisfy the HR function.

The future of performance review. Few would state that appraisal is objective, rational and systematic. Here to stay because of its centrality to day to day management and its integral role in the high commitment bundle. When it works well it aids self-determination, motivation, personal development and growth, as well as increasing confidence and job satisfaction. Increased use of technology has helped

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remove some bureaucracy and add feedback by suggesting appropriate working and ratings system which have improved validity and reliability. Many question arise over how effective it really is. It is expensive, generates conflict, contains too many distortions and does not enhance the strategic management of the organisation. Only work well when it is well resourced and well led.

Conclusion- Performance management systems are now much more widespread than they were and are seen as synonymous with new ways of managing HR. Revolves around three stages: defining performance standards, reviewing and appraising performance and reinforcing performance. Standard too little attention paid to the critical role which induction can play in creating the right cultural expectations among new recruits. System need to be designed to fit the culture and context the organisation is operating in the global market. Continuous monitoring is often overlooked but it is important to check that the system is effectively aligning individual and corporate objectives, especially in times of rapid change. Role of line manager is important; employee commitment often hinges on it. Performance reviews might motivate committed workers but it is but one tool in the management kitbag. Critics usually point to what should replace it.

- A hospital that approved around 20% more staff and treated 20% more operations is likely to have 10% fewer deaths per 1000 admissions - Wells 2006
 - Good motivating if they are specific, challenging yet achievable (Locke, Latham 1980)
 - "Individual expect to achieve them and believe that achievement will be rewarded and valued (Vroom 1964)
- Antonioni, Gammale and Flood
Fletcher, Taylor, Birn, Armstrong, Bowen, Boxall, Cairner, Carter, Cleveland, Davis, Fiske, Fletcher, Furnham, Greening, Hazard, Hollands, Lowler, Prasad, Rodner, Roberts, Spence, Stewart, Taylor