

# **Appraising and Managing Performance**

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# OVERVIEW

- Importance and components of performance appraisal
- Advantages and disadvantages of different performance rating systems
- Manage the impact of rating errors and bias on performance appraisals
- The potential role of emotion in performance appraisal and how to manage its impact
- Use performance appraisals to manage and develop employee performance

# What is Performance?

**FRIENDLY**  
PERSONALITY

**PURE**  
EFFORT

**LIKED BY**  
**OTHER**  
**COLLEAGUES**

**YEARS OF**  
SERVICE

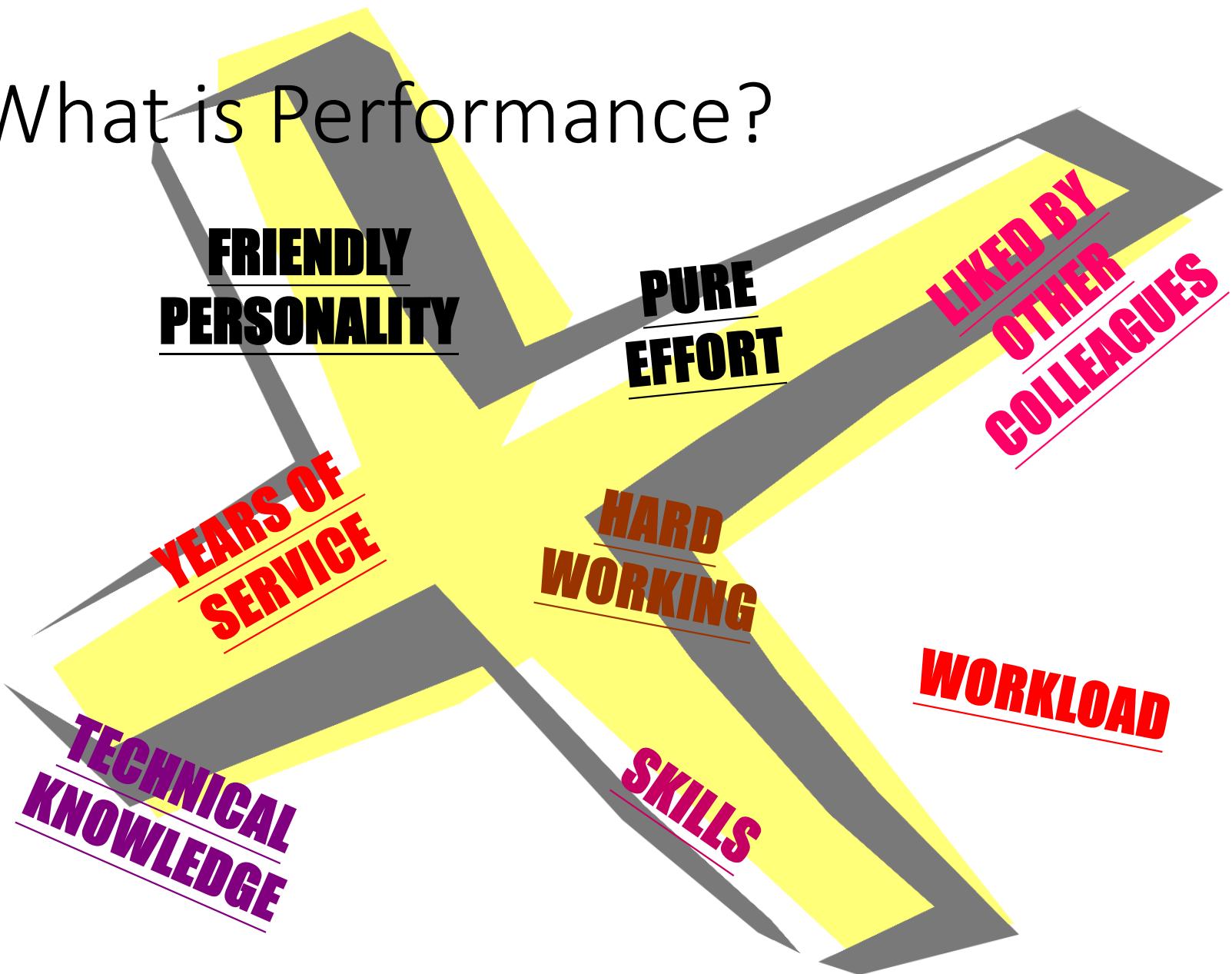
**HARD**  
WORKING

**WORKLOAD**

**TECHNICAL**  
KNOWLEDGE

**SKILLS**

# What is Performance?



Performance is ....

Delivering

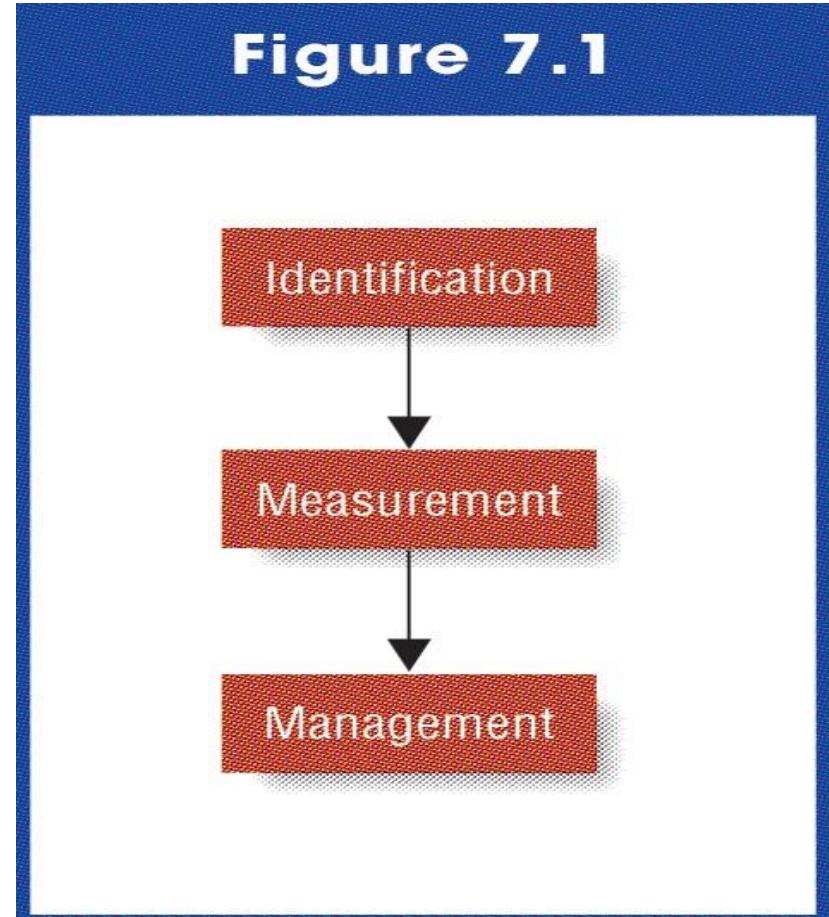
*Agreed or Understood  
DESIRED RESULTS*

required for the JOB

# WHAT IS PERFORMANCE APPRAISAL?

- The identification, measurement, and management of human performance in organizations.

**Figure 7.1**



# WHAT IS PERFORMANCE APPRAISAL?

## The Uses of Performance Appraisal



1. Administrative purposes
2. Developmental purposes

# WHAT IS PERFORMANCE APPRAISAL?

## **Performance Appraisal in Small Businesses**

1. Go for Breadth
  
  
  
  
  
  
2. Provide a Clear Line of Sight to Strategic Objectives

# IDENTIFYING PERFORMANCE DIMENSIONS

- Dimension – An *aspect of performance* that determines effective job performance.
- *What is measured should be directly tied to what the business is trying to achieve*
  - ✖ Should be viewed as a management tool

# Measuring Performance

- What we measure is probably more critical to the evaluation process than how we measure
- What we measure determines what people will aim to do.
- Evaluation criteria should be communicated to employees
- Documentation is necessary

# Measurement Tools

## *Type of Judgment*

- Relative judgment – An appraisal format that asks supervisors to compare an employee's performance to the performance of other employees doing the same job.
- Absolute judgment – An appraisal format that asks supervision to make judgments about an employee's performance based solely on performance standards.

# Measurement Tools

## **TRAIT, BEHAVIORAL AND OUTCOME DATA**

### *Trait appraisal instruments*

- *The supervisor make judgments about traits , worker characteristics that tend to be consistent and enduring*
- *Focuses to person rather than to performance*
- *Personal behavior tendencies*



# Measurement Tools

## **TRAIT, BEHAVIORAL AND OUTCOME DATA**

### *Trait appraisal instruments*

FOR THE TRAIT "QUALITY OF WORK"

		Employee rated:				
As Compared to:	A Art	B Maria	C Chuck	D Diane	E José	
A Art		+	+	-	-	
B Maria	-		-	-	-	
C Chuck	-	+		+	-	
D Diane	+	+	-		+	
E José	+	+	+	-		

Maria ranks highest here

FOR THE TRAIT "CREATIVITY"

		Employee rated:				
As Compared to:	A Art	B Maria	C Chuck	D Diane	E José	
A Art		-	-	-	-	
B Maria	+		-	+	+	
C Chuck	+	+		-	+	
D Diane	+	-	+		-	
E José	+	-	-	+		

Art ranks highest here

# Measurement Tools

## **TRAIT, BEHAVIORAL AND OUTCOME DATA**

### *Trait appraisal instruments*

<b>ALTERNATION RANKING SCALE</b>	
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. _____
Lowest-ranking employee	

# Measurement Tools

## ***Behavioral appraisal instruments***

- *Focus on assessing worker's behaviors*
- *Time consuming in developing system*
- *Behaviors may no longer required*
- *E.G. Behavioral Observation Scale*
  - How frequently the behavior occurs
- *E.G. BARS* (Behaviorally Anchored Rating Scale)
  - Focus on quality of behavior rather quantity
  - BARS is developed with critical incident technique

# Assessing Performance Dimensions

***Select 7 most frequently exhibited behaviours***

## TEAMWORK

This dimension addresses an associate's ability to build and maintain positive and collaborative relationships with other staff; and/or participates in effective and high-performance teams that meet organisational goals.

**1 point each**

**3 points each**

**5 points each**

Under Developed	✓ Performing	Excelling
<ul style="list-style-type: none"><li>Focuses on self, not on others</li><li>Does not willingly share information, knowledge or skills</li><li>Coasts through a project or assignment by relying on efforts of other team members – cannot be relied on by others for own output</li><li>Does not accept responsibility for own errors unless detected</li><li>Is not willing help others to meet team goals</li><li>Does not acknowledge contribution of others</li><li>Talks about others in the team; spreads rumours and gossip</li></ul>	<ul style="list-style-type: none"><li>Shows trust and respect for others in the work unit and on their team</li><li>Makes important contributions in a manner that is positive</li><li>Always prepared to lend a hand to ensure team goals are met</li><li>Shares knowledge, skills and ideas willingly at all times</li><li>Accepts responsibility for their own work; can be relied on by others to do what they say they will do</li><li>Settles issues they may have with someone directly with them quickly; does not listen to or spread rumours about people</li><li>Is appreciative of and acknowledges the contributions of others</li></ul>	<ul style="list-style-type: none"><li>Able and committed to resolving disputes or disagreements quickly, effectively and positively</li><li>Works positively through difficult situation</li><li>Does everything necessary to achieve full and effective involvement or compromise</li><li>Recognises the strengths of other team members and actively seeks assistance where appropriate</li><li>Works collaboratively with others across a wide range of functions</li><li>Offers assistance where needed in a manner that is helpful and constructive</li><li>Demonstrates a commitment to the team (and its shared goals) that inspires and motivates others.</li></ul>

**Total points = 25 / 7 factors**

**= 3.57**

# Assessing Performance Dimensions

Select 7 most frequently exhibited behaviours

## PRESENTATIONS SKILLS

This dimension rates an associate's skills in organizing and delivering presentations

<b>1 point each</b>	<b>3 points each</b>	<b>5 points each</b>
<b>Under Developed</b> <ul style="list-style-type: none"><li>• Disorganised or unprepared; presentations lack focus or structure</li><li>• Does not listen to the audience; fails to adapt presentation style where necessary</li><li>• Appears shy, nervous or scared while presenting</li><li>• Has personal habits and idiosyncrasies that get in the way</li><li>• Voice is monotone; reads detailed presentations without engaging the audience</li><li>• Rigid or inappropriate body language</li><li>• Loses focus or composure when interrupted during a presentation</li></ul>	<b>Performing</b> <ul style="list-style-type: none"><li>✓ Presentations are well laid out, logical, have structure and focus</li><li>✓ Presentations are clear and concise</li><li>✓ Is capable of successfully presenting in small groups and in large groups</li><li>✓ Commands attention of the audience</li><li>✓ Is able to read the audience and make necessary adjustments to own style when something is not working</li><li>✓ Is able to handle negative or harassing audience behaviour without losing their composure</li><li>✓ Varies volume and tone of voice and uses hands and body movements appropriately</li></ul>	<b>Excelling</b> <ul style="list-style-type: none"><li>✓ Is able to present "hot" or controversial topics" to hostile audiences successfully</li><li>✓ Expertly manages audiences reactions and changes tactics smoothly</li><li>• Able to elaborate clearly, concisely and logically on aspects of the presentation</li><li>✓ Always commands the audiences' full attention – uses voice, body movements, facial expressions and pauses to maximum effect of the presentation</li><li>• Overall message of the presentation is always delivered and retained by audiences</li><li>• Expertly manages interruptions and questions without losing the flow of the presentation</li><li>• Presentations always run within allotted time slot</li></ul>

**Total points = 27 / 7 factors**

**= 3.86**

## Sample Performance Rating Form

Employee's Name \_\_\_\_\_

Level: Entry-level employee

Manager's Name \_\_\_\_\_

Key Work Responsibilities

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

Results/Goals to be Achieved

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

### Behavioral Assessment of Competencies

#### Communication

1

2

3

4

5

Below Expectations	Meets Expectations	Role Model
Even with guidance, fails to prepare straightforward communications, including forms, paperwork, and records, in a timely and accurate manner; products require minimal corrections.  Even with guidance, fails to adapt style and materials to communicate straightforward information.	With guidance, prepares straightforward communications, including forms, paperwork, and records, in a timely and accurate manner; products require minimal corrections.  With guidance, adapts style and materials to communicate straightforward information.	Independently prepares communications, such as forms, paperwork, and records, in a timely, clear, and accurate manner; products require few, if any, corrections.  Independently adapts style and materials to communicate information.
<performance standards appear here>	<performance standards appear here>	<performance standards appear here>

#### Organizational Know-How

1

2

3

4

5

Below Expectations	Meets Expectations	Role Model
<performance standards appear here>	<performance standards appear here>	<performance standards appear here>

#### Personal Effectiveness

1

2

3

4

5

Below Expectations	Meets Expectations	Role Model
<performance standards appear here>	<performance standards appear here>	<performance standards appear here>

#### Teamwork

1

2

3

4

5

Below Expectations	Meets Expectations	Role Model
<performance standards appear here>	<performance standards appear here>	<performance standards appear here>

#### Achieving Business Results

1

2

3

4

5

Below Expectations	Meets Expectations	Role Model
<performance standards appear here>	<performance standards appear here>	<performance standards appear here>

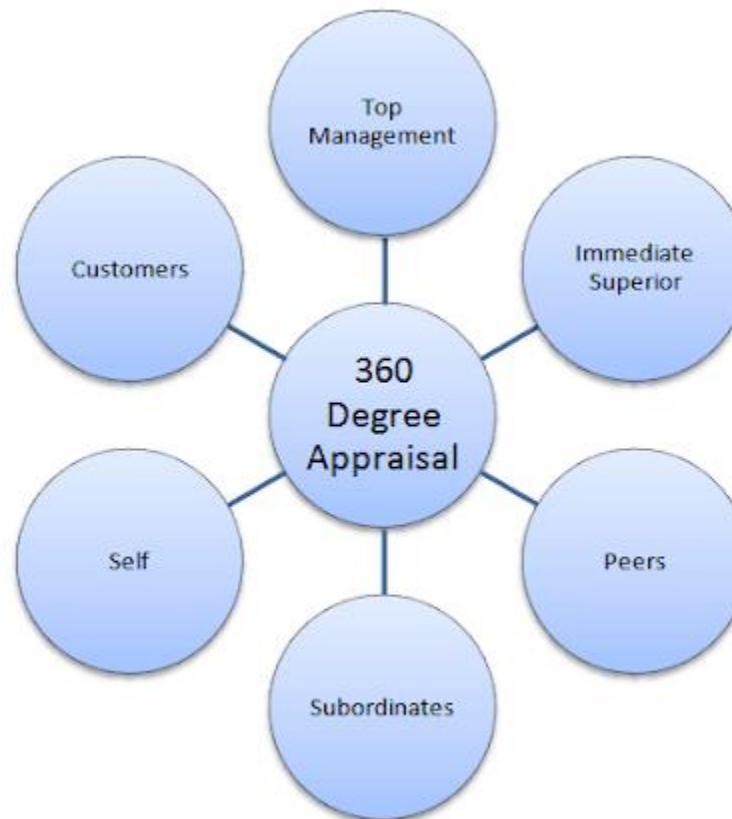
# Measurement Tools

## ***Outcome appraisal instruments – MBO***

- *A tool that asks managers to assess the results achieved by workers*
- *Increased flexibility*
- *Less subjectivity/biasness*

# 360 degree Performance Appraisals

## Sources of Performances Information



# CHALLENGES TO EFFECTIVE PERFORMANCE MEASUREMENT

## 1. Rater errors and bias

- *Rater error – An error in performance appraisals that reflects consistent biases on the part of the rater. (halo error, restriction of range error)*
- ✖ **Comparability:** the degree to which the performance ratings given by various supervisors in an organization are based on similar standards.
- ✖ **Frame-of-reference (FOR) training:** training that presents supervisors with fictitious examples of worker performance, asks the supervisors to evaluate the workers in the examples, and then tells them what their ratings should have been.

# CHALLENGES TO EFFECTIVE PERFORMANCE MEASUREMENT

2. *The Influence of Liking ( Like and dislike)*
3. *Precautions ( Record keeping)*
4. *Organizational Politics*
5. *Individual or Group Focus*

# MANAGING PERFORMANCE

- *The Appraisal Interview*
- *Two sessions of Performance review*
  - *Discuss performance*
  - *Discuss salary*



*Helpful or Dreadful??*

# MANAGING PERFORMANCE

## Performance Improvement

- *Exploring the causes of performance problems*
  - Ability
  - Motivation
  - *Situational factors / system factors*
    - + Self, peer, and subordinate reviews
    - + 360-degree feedback

# HOW TO DETERMINE AND REMEDY PERFORMANCE SHORTFALLS

**Figure 7.12**

Cause	Questions to Ask	Possible Remedies
Ability	Has the worker ever been able to perform adequately? Can others perform the job adequately, but not this worker?	Train Transfer Redesign job Terminate
Effort	Is the worker's performance level declining? Is performance lower on all tasks?	Clarify linkage between performance and rewards Recognize good performance
Situation	Is performance erratic? Are performance problems showing up in all workers, even those who have adequate supplies and equipment?	Streamline work process Clarify needs to suppliers Change suppliers Eliminate conflicting signals or demands Provide adequate tools

Source: Adapted from Schermerhorn, J. R., Gardner, W. I., and Martin, T. N. (1990). Management dialogues: Turning on the marginal performer. *Organizational Dynamics*, 18, 47-59; and Rummler, G. A. (1972). Human performance problems and their solutions. *Human Resource Management*, 19, 2-10.

# MANAGING PERFORMANCE

## Performance Improvement

- *Explore the causes of performance problems*
- *Direct attention to the causes of problems*
- *Develop an action plan and empower workers to reach a solution*
  - ✖ Clarify performance expectation
  - ✖ Provide immediate feedback
  - ✖ Eliminate unnecessary rules, procedures etc

# MANAGING PERFORMANCE

## Performance Improvement

- *Direct communication at performance and provide effective feedback.*
  - ✖ *What is communicated*
  - ✖ *How it is communicated*
  - ✖ *Open minded communication*

# Tips for Better Performance

## Reviews

- Make sure you are evaluating performance on appropriate dimensions
- Beware of rating biases
- Support ratings with written comments
- Evaluate several or all of your people at one time, if possible
- Stick with performance and stay away from inferences about cause
- Be consistent across workers

**Thank You...**