

ITE 3652 Organizational Behavior

Lesson 11 – Performance Appraisal and Management

1.0 Introduction

As you all completed the previous lesson employee training, the next step is to evaluate the employee performances. This lesson we discuss the concepts and practices of employee performance management. Performance management is an ongoing process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization. In this process every organisation must appraise the performances of the employees. Performance appraisal means evaluating an employee's current and/or past performance relative to his or her performance standards.

Performance management's goal is to create an environment where people can perform to the best of their abilities to produce the highest-quality work most efficiently and effectively. Most organizations have some type of employee appraisal system, and many are experiencing the shortcomings of manual staff evaluation systems. Managers can use performance management tools to adjust workflow, recommend new courses of action, and make other decisions that will help employees achieve their objectives.

2.0 Why Appraise Performances?

There are many reasons for appraising performance of the employees. One of the main reasons is to reward the employees. Many reasons for rewarding employees exist and some of the rewarding mechanisms are awarding promotions, raising of salaries, providing increments. At the same time, it is important to motivate and encourage employees by evaluating their performers. Moreover, the process and product quality being tested and evaluated through the quality of employees. Development of employee career path is also another important aspect of employee performance appraisal. By developing the career path of every employee the managers ensure that the organization is achieving its objectives. At the point where the employees not performing as per the objectives, it is necessary to get the corrective actions against the deficiencies of employees. By conducting the performance appraisal, the managers ensure to develop the pool of skilled employees.

3.0 Appraisal Types and Objectives

There are three main appraisal types and each type has different objectives. Following figure 1 shows the three different appraisal types and objectives.

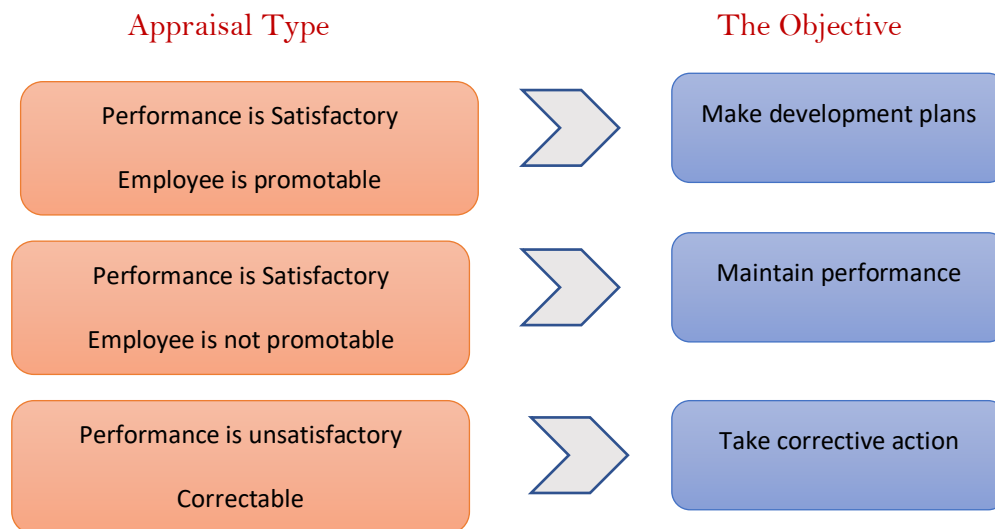


Figure 1: Appraisal types and objectives

When the performance is satisfactory the employee can be reward or can be promotable. The objective of this type of appraisal is to make development plans on the employee. At the same tie the satisfactory employees can be found in the appraisals by they are not promotable. Here the main objective is to maintain the employee performances. When the employee performance is unsatisfactory and correctable the manager has to take a corrective action.

4.0 Steps in Performance Appraisal

Lets discuss the steps in performance appraisal. It is important for any manager to ensure that he or she periodically conducts an performanc eappraisal to establish the productivity of their employees. It is also an essential activity because it helps you in determining challenges and weak points of such workers so that you can find better ways of fixing them to enhance and yield desirable results ultimately.

Step 1 - Establish Performance Standards

The first step is the establish the performance standards. Make sure that managers and the employees are agree on the duties and the job standards. These standards are necessary with each job position, because the performance standards are used to fulfill the mission and vision

of the company. Performance standards are established through job descriptions, employee handbooks and operational manuals. Standards are subject to adjustment, based on changes in business needs.

Step 2 - Communicate Performance Expectations to Employees:

Once the performance standards are established, this need to be communicated to the respective employees so that they come to know what is expected of them. Past experience indicates that not communicating standards to the employees compounds the appraisal problem.

Step 3 : Measure Actual Performance:

This is the third step involved in the appraisal process. In this stage, the actual performance of the employee is measured on the basis of information available from various sources such as personal observation, statistical reports, oral reports, and written reports.

Step 4 : Compare Actual Performance with Standards:

In this stage, the actual performance is compared with the predetermined standards. Such a comparison may reveal the deviation between standard performance and actual performance and will enable the evaluator to proceed to the fifth step in the process, i.e., the discussion of the appraisal with the concerned employees.

Step 5 : Discuss the Appraisal with the Employee:

The fifth step in the appraisal process is to communicate to and discuss with the employees the results of the appraisal. This is, in fact, one of the most challenging tasks the manager's face to present an accurate appraisal to the employees and then make them accept the appraisal in a constructive manner.

5.0 Who should Conduct the Performance Appraisals?

There are some general guidelines that every manager has to follow in conducting performance appraisals. Here the guidelines can be varying with the nature of the job which being appraised or evaluated.

- The appraiser should know the appraising techniques and use them for the suitable levels of employees
- Generally HR department is providing necessary guideline in appraising performance

- A good appraiser should not always mark the employees performances as too good or too bad.
- The employee should actually show his/her performance while appraising the performance

Let us discuss the parties who can do the performance appraisals.

I. Appraising by the Supervisor:

The supervisor is usually the best person to appraise the performance

II. Peer Appraisals

Peer appraisal are known as team appraisals. Peer is a evaluator who appointed by the particular employer to appraise the performance of the employee on-behalf of them. It is believe that peers provide more accurate data

III. Rating Committee

Usually composed employee's immediate supervisor and three or four other supervisors. Can help cancel out problems such as bias on the part of individual rates.

IV. Appraise by subordinates

Most firms use to rate the supervisor's performance. Helps top managers to diagnose management style. Identify potential "people" problem and take corrective action. Should think positively about the results

V. 360-Degree feedback

Performance information is collected from the supervisors, subordinates, peers and internal/external customers. Here the review is done anonymously.

6.0 Problems and Solutions of Appraising

Unclear Standards

Here the appraisal standards are not very much clear to the parties. When the appraisals standards are not clear, it is difficult to the evaluator to conduct a proper evaluation based on the employee performances. Example for an unclear standard is as follows.

Ex: A Graphic rating scale

	Excellent	Good	Fair	Poor
Quality of work				
Quantity of work				
Creativity				
Integrity				

Halo Effect

The halo effect is a type of cognitive bias in which our overall impression of a person influences how we feel and think about their character. This affacts in the appraisal process too. When supervisor 's rating of subordinate on one trait basis that the rating that the person on the other traits. This is when a manager really likes or dislikes an employee and allows their personal feelings about this employee to influence their performance ratings of them.

Ex: If the employee is often unfriendly the supervisor get that negatively in appraising the performance

Central Tendency

Central tendency error is the raters' tendency to avoid making "extreme" judgments of employee performance resulting in rating all employees in the middle part of a scale. This can happen either when a manager is not comfortable with conflict and avoids low marks to avoid dealing with behavioral issues or when a manager intentionally forces all employees to the middle of the scale.

Ex: Avoid giving 1-2 and 6-7. Always gives rating between 3-5

Leniency or Strictness

A related rating problem exists when a supervisor is overly strict or overly lenient in evaluations. In classrooms, we hear of teachers who are "tough graders" or, conversely, "easy A's." Similar situations exist in the workplace, where some supervisors see most subordinates

as not measuring up to their high standards, whereas other supervisors see most subordinates as deserving of a high rating.

Ex: Giving ratings 1-2 or 6-7

How to handle unsatisfactory employees

This is a very important and very controversial instance in many employee evaluations. The first thing is to identify the problem carefully. The problem may occur due to many reasons and therefore the managers must identify the exact reasons for the employees to not to perform as per the standards. At the same time, it is important to recognize the employee's defensive behavior. Here the manager has to decide how to communicate the decisions without making the employee frustrated. Manager should let the employee know the corrective action to be made. Further it has to discuss among them self of the way to improve and make the corrective action. One of the main success factor of employee positive behavior is correct motivation. Hence the employees must encourage and motivate to make their changes in work life. Evaluators or manager must remember not blame the employee for any reason. It has to explain the employee regarding their limitation.

Summary of the lesson

A performance appraisal is an evaluation done on an employee's job performance over a specific period of time. It is the equivalent of a report card on an employee and how their manager assessed their performance over the prior year. Although performance appraisal lays emphasis on the assessment of individual employee's performance, the process may also be made applicable to a group of employees or a team. Performance appraisal is beneficial for assessing strengths and weaknesses of an employee. It enables to find out areas / tasks in which the employee is competent. Basically, the process is useful for identifying true potential and interests of the employees. This lesson discussed about the performance appraisal methods, the process of appraisal. The problems which can occur during the appraisal and also the people who can do the real evaluation of performance.