

# **Performance Management and Appraisal**

*After studying this chapter,  
you should be able to:*

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- 1. Describe the appraisal process.*
- 2. Develop, evaluate, and administer at least four performance appraisal tools.*
- 3. Explain and illustrate the problems to avoid in appraising performance.*
- 4. List and discuss the pros and cons of six appraisal methods.*
- 5. Perform an effective appraisal interview.*
- 6. Discuss the pros and cons of using different raters to appraise a person's performance.*

# Comparing Performance Appraisal and Performance Management

## ➤ *Performance appraisal*

- Evaluating an employee's current and/or past performance relative to his or her performance standards.

## ➤ *Performance management*

- The process employers use to make sure employees are working toward organizational goals.

# Why Performance Management?

- *Increasing use by employers of performance management reflects:*
  - The popularity of the total quality management (TQM) concepts.
  - The belief that traditional performance appraisals are often not just useless but counterproductive.
  - The necessity in today's globally competitive industrial environment for every employee's efforts to focus on helping the company to achieve its strategic goals.

# An Introduction to Appraising Performance

## ➤ *Why appraise performance?*

- Appraisals play an integral role in the employer's performance management process.
- Appraisals help in planning for correcting deficiencies and reinforce things done correctly.
- Appraisals, in identifying employee strengths and weaknesses, are useful for career planning
- Appraisals affect the employer's salary raise decisions.

Exceptional	Moderately Good					Very Poor	Don't Know
7	6	5	4	3	2	1	X
_____	1. How do you rate the agreement between course objectives and lesson assignments?						
_____	2. How do you rate the planning, organization, and use of class periods?						
_____	3. Are the teaching methods and techniques employed by the teacher appropriate and effective?						
_____	4. How do you rate the competence of the instructor in the subject?						
_____	5. How do you rate the interest of the teacher in the subject?						
_____	6. Does the teacher stimulate and challenge you to think and to question?						
_____	7. Does he or she welcome differing points of view?						
_____	8. Does the teacher have a personal interest in helping you in and out of class?						
_____	9. How would you rate the fairness and effectiveness of the grading policies and procedures of the teacher?						
_____	10. Considering all the above items, what is your overall rating of this teacher?						
_____	11. How would you rate this teacher in comparison with all others you have had in the college or university?						

Source: Richard I. Miller, *Evaluating Faculty for Promotional and Tenure* (San Francisco: Jossey-Bass Publishers, 1987), pp. 164–165. Copyright © 1987, Jossey-Bass Inc., Publishers. All rights reserved. Reprinted with permission.

**9-6**

# Realistic Appraisals

- *Motivations for soft (less-than-candid) appraisals*
  - The fear of having to hire and train someone new
  - The unpleasant reaction of the appraisee
  - A company appraisal process that's not conducive to candor
- *Hazards of giving soft appraisals*
  - Employee loses the chance to improve before being forced to change jobs.
  - Lawsuits arising from dismissals involving inaccurate performance appraisals.

# Continuous improvement

- *A management philosophy that requires employers to continuously set and relentlessly meet ever-higher quality, cost, delivery, and availability goals by:*
  - **Eradicating the seven wastes:**
    - overproduction, defective products, and unnecessary downtime, transportation, processing costs, motion, and inventory.
  - **Requiring each employee to continuously improve his or her own personal performance, from one appraisal period to the next.**



# The Components of an Effective Performance Management Process

- Direction sharing
- Role clarification
- Goal alignment
- Developmental goal setting
- Ongoing performance monitoring
- Ongoing feedback
- Coaching and support
- Performance assessment (appraisal)
- Rewards, recognition, and compensation
- Workflow and process control and return

**Figure 9–2**

# Defining Goals and Work Efforts

## ➤ *Guidelines for effective goals*

- Assign specific goals
- Assign measurable goals
- Assign challenging but doable goals
- Encourage participation

## ➤ *SMART goals are:*

- **S**pecific, and clearly state the desired results.
- **M**easurable in answering “how much.”
- **A**ttainable, and not too tough or too easy.
- **R**elevant to what’s to be achieved.
- **T**imely in reflecting deadlines and milestones.

# Performance Appraisal Roles

## ➤ *Supervisors*

- Usually do the actual appraising.
- Must be familiar with basic appraisal techniques.
- Must understand and avoid problems that can cripple appraisals.
- Must know how to conduct appraisals fairly.

# Performance Appraisal Roles (cont'd)

## ➤ *HR department*

- Serves a policy-making and advisory role.
- Provides advice and assistance regarding the appraisal tool to use.
- Prepares forms and procedures and insists that all departments use them.
- Responsible for training supervisors to improve their appraisal skills.
- Responsible for monitoring the system to ensure that appraisal formats and criteria comply with EEO laws and are up to date.

# Steps in Appraising Performance

## ➤ *Defining the job*

- Making sure that you and your subordinate agree on his or her duties and job standards.

## ➤ *Appraising performance*

- Comparing your subordinate's actual performance to the standards that have been set; this usually involves some type of rating form.

## ➤ *Providing feedback*

- Discussing the subordinate's performance and progress, and making plans for any development required.

# Designing the Appraisal Tool

## ➤ *What to measure?*

- Work output (quality and quantity)
- Personal competencies
- Goal (objective) achievement

## ➤ *How to measure?*

- Graphic rating scales
- Alternation ranking method
- MBO

# Performance Appraisal Methods

## ➤ *Graphic rating scale*

- A scale that lists a number of traits and a range of performance for each that is used to identify the score that best describes an employee's level of performance for each trait.

# Graphic Rating Scale with Space for Comments

**Performance Appraisal**

Employee Name \_\_\_\_\_ Title \_\_\_\_\_

Department \_\_\_\_\_ Employee Payroll Number \_\_\_\_\_

Reason for Review: ☐ Annual ☐ Promotion ☐ Unsatisfactory Performance  
☐ Merit ☐ End Probation Period ☐ Other \_\_\_\_\_

Date employee began present position \_\_\_\_/\_\_\_\_/\_\_\_\_

Date of last appraisal \_\_\_\_/\_\_\_\_/\_\_\_\_ Scheduled appraisal date \_\_\_\_/\_\_\_\_/\_\_\_\_

**Instructions:** Carefully evaluate employee's work performance in relation to current job requirements. Check rating box to indicate the employee's performance. Indicate N/A if not applicable. Assign points for each rating within the scale and indicate in the corresponding points box. Points will be totaled and averaged for an overall performance score.

**RATING IDENTIFICATION**

**O—Outstanding**—Performance is exceptional in all areas and is recognizable as being far superior to others.

**V—Very Good**—Results clearly exceed most position requirements. Performance is of high quality and is achieved on a consistent basis.

**G—Good**—Competent and dependable level of performance. Meets performance standards of the job.

**I—Improvement Needed**—Performance is deficient in certain areas. Improvement is necessary.

**U—Unsatisfactory**—Results are generally unacceptable and require immediate improvement. No merit increase should be granted to individuals with this rating.

**N—Not Rated**—Not applicable or too soon to rate.

GENERAL FACTORS	RATING SCALE	SUPPORTIVE DETAILS OR COMMENTS
1. <b>Quality</b> —The accuracy, thoroughness, and acceptability of work performed.	O <input type="checkbox"/> 100-90 V <input type="checkbox"/> 90-80 G <input type="checkbox"/> 80-70 I <input type="checkbox"/> 70-60 U <input type="checkbox"/> below 60	Points <div style="border: 1px solid black; width: 30px; height: 40px; display: inline-block;"></div> _____ _____ _____
2. <b>Productivity</b> —The quantity and efficiency of work produced in a specified period of time.	O <input type="checkbox"/> 100-90 V <input type="checkbox"/> 90-80 G <input type="checkbox"/> 80-70 I <input type="checkbox"/> 70-60 U <input type="checkbox"/> below 60	Points <div style="border: 1px solid black; width: 30px; height: 40px; display: inline-block;"></div> _____ _____ _____
3. <b>Job Knowledge</b> —The practical/technical skills and information used on the job.	O <input type="checkbox"/> 100-90 V <input type="checkbox"/> 90-80 G <input type="checkbox"/> 80-70 I <input type="checkbox"/> 70-60 U <input type="checkbox"/> below 60	Points <div style="border: 1px solid black; width: 30px; height: 40px; display: inline-block;"></div> _____ _____ _____
4. <b>Reliability</b> —The extent to which an employee can be relied upon regarding task completion and follow-up.	O <input type="checkbox"/> 100-90 V <input type="checkbox"/> 90-80 G <input type="checkbox"/> 80-70 I <input type="checkbox"/> 70-60 U <input type="checkbox"/> below 60	Points <div style="border: 1px solid black; width: 30px; height: 40px; display: inline-block;"></div> _____ _____ _____

Figure 9–3



# Portion of an Administrative Secretary's Sample Performance Appraisal Form

Name _____ Rating period from _____ to _____ Rater name _____ Rater title _____ Department _____	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center; padding: 5px;">Rating Scale Key</th> </tr> <tr> <td style="text-align: center; padding: 5px;">1</td> <td style="padding: 5px;">Fails to meet job requirements</td> </tr> <tr> <td style="text-align: center; padding: 5px;">2</td> <td style="padding: 5px;">Meets most job requirements</td> </tr> <tr> <td style="text-align: center; padding: 5px;">3</td> <td style="padding: 5px;">Fully meets all job requirements</td> </tr> <tr> <td style="text-align: center; padding: 5px;">4</td> <td style="padding: 5px;">Exceeds all job requirements</td> </tr> </table>	Rating Scale Key		1	Fails to meet job requirements	2	Meets most job requirements	3	Fully meets all job requirements	4	Exceeds all job requirements
Rating Scale Key											
1	Fails to meet job requirements										
2	Meets most job requirements										
3	Fully meets all job requirements										
4	Exceeds all job requirements										

Part II: Rating Scales for Task Areas

Position: Administrative Secretary Duties and Responsibilities	
Duty: Maintaining Departmental Personnel Records <span style="float: right;">PCT. (30%)</span>	RATING:    1       2       3       4 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Using spreadsheets and other computerized forms: Ensure all recorded personnel information is up to date and accurate, including name, address, and contact information; maintain accurate records of all personal leave taken annually, as well as vacation schedules; maintain accurate records of all employees' benefits.	Comments

Source: James Buford Jr., Bettye Burkhalter, and Grover Jacobs, "Link Job Description to Performance Appraisals," *Personnel Journal*, June 1988, pp. 135–136.

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**Figure 9–4**

## SECTION I

### Success and Effectiveness in Responsibilities/Objectives and Performance Standards in Support of Departmental Goals

Primary Performance Expectations: Responsibilities/Objectives and Standards	Mid-Year Progress Notes	End of Period Rating of Success and Effectiveness Comment and Place X on Scale to Rate					
		Not Strong      Strong      Very					
Objective 1:		<div style="text-align: center;">  ----- ----- ----- -----  </div>					
Objective 2:		<div style="text-align: center;">  ----- ----- ----- -----  </div>					
Objective 3:		<div style="text-align: center;">  ----- ----- ----- -----  </div>					
Objective 4:		<div style="text-align: center;">  ----- ----- ----- -----  </div>					
Objective 5:		<div style="border: 1px solid black; padding: 10px; display: inline-block;"> <h2>Performance Management Outline</h2> </div>					
Objectives for new rating period reviewed and agreed to:							
Mid-Year Review:							
Evaluator	Date	Employee	Date	Evaluator	Date	Employee	Date

Source: www.cwru.edu.

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**Figure 9–5a**

## SECTION II

### Performance Competencies

	Mid-Year Progress Notes	End of Period Rating of Success and Effectiveness Comment and Place X on Scale to Rate Not Strong      Strong      Very
<b>Job Knowledge/Competency:</b> Demonstrates the knowledge and skills necessary to perform the job effectively. Understands the expectations of the job and remains current regarding new developments in areas of responsibility. Performs responsibilities in accordance with job procedures and policies. Acts as a resource person upon whom others rely for assistance.		----- ----- ----- -----
<b>Quality/Quantity of Work:</b> Completes assignments in a thorough, accurate, and timely manner that achieves expected outcomes. Exhibits concern for the goals and needs of the department and others that depend on services or work products. Handles multiple responsibilities in an effective manner. Uses work time productively.		----- ----- ----- -----
<b>Planning/Organization:</b> Establishes clear objectives and organizes duties for self based on the goals of the department, division, or management center. Identifies resources required to meet goals and objectives. Seeks guidance when goals or priorities are unclear.		----- ----- ----- -----
<b>Initiative/Commitment:</b> Demonstrates personal responsibility when performing duties. Offers assistance to support the goals and objectives of the department and division. Performs with minimal supervision. Meets work schedule/attendance expectations for the position.		----- ----- ----- -----
<b>Problem Solving/Creativity:</b> Identifies and analyzes problems. Formulates alternative solutions. Takes or recommends appropriate actions. Follows up to ensure problems are resolved.		----- ----- ----- -----
<b>Teamwork and Cooperation:</b> Maintains harmonious and effective work relationships with co-workers and constituents. Adapts to changing priorities and demands. Shares information and resources with others to promote positive and collaborative work relationships.		----- ----- ----- -----
<b>Interpersonal Skills:</b> Deals positively and effectively with co-workers and constituents. Demonstrates respect for all individuals.		----- ----- ----- -----
<b>Communication (Oral and Written):</b> Effectively conveys information and ideas both orally and in writing. Listens carefully and seeks clarification to ensure understanding.		----- ----- ----- -----

Performance  
Management  
Outline  
(cont'd)

Competencies Reviewed and Discussed:		Mid-Year Review	
Evaluator	Date	Employee	Date

Source: www.cwru.edu.

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Figure 9–5b

### SECTION III

### End of Period Summary Performance Rating

Based on a review of Section I, Success and Effectiveness in Position Responsibilities/Accomplishing Objectives and Standards, and Section II, Performance Competencies, provide a summary performance rating:

Comments: \_\_\_\_\_

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Performance  
Management  
Outline  
(cont'd)

- ☐ Performance consistently and significantly above standards in virtually all areas; far exceeds normal expectations.
- ☐ Performance well above standards in many important aspects; usually exceeds normal expectations.
- ☐ Performance meets standards in all important aspects; good contributor.
- ☐ Performance slightly below standards in some important aspects, but meets standards in others; performance generally acceptable but improvement needed to fully achieve functional performance level.
- ☐ Performance below standards in a number of critical aspects; substantial improvement needed.

\_\_\_\_\_  
Evaluator Signature

\_\_\_\_\_  
Date

I have read this appraisal and it had been discussed with me. I understand that signing this appraisal does not necessarily mean I agree with all of the information in it or that I forfeit my right for review.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

Source: www.cwru.edu.

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**Figure 9–5c**

# Performance Appraisal Methods (cont'd)

## ➤ *Alternation ranking method*

- Ranking employees from best to worst on a particular trait, choosing highest, then lowest, until all are ranked.

## ➤ *Paired comparison method*

- Ranking employees by making a chart of all possible pairs of the employees for each trait and indicating which is the better employee of the pair.

# Alternation Ranking Scale

ALTERNATION RANKING SCALE	
For the 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	

Figure 9–6

# Ranking Employees by the Paired Comparison Method

FOR THE TRAIT "QUALITY OF WORK"						FOR THE TRAIT "CREATIVITY"					
Employee Rated:						Employee Rated:					
As Compared to:	A Art	B Maria	C Chuck	D Diane	E José	As Compared to:	A Art	B Maria	C Chuck	D Diane	E José
A Art		+	+	-	-	A Art		-	-	-	-
B Maria	-		-	-	-	B Maria	+		-	+	+
C Chuck	-	+		+	-	C Chuck	+	+		-	+
D Diane	+	+	-		+	D Diane	+	-	+		-
E José	+	+	+	-		E José	+	-	-	+	
Maria Ranks Highest Here						Art Ranks Highest Here					

**Note: + means "better than." - means "worse than." For each chart, add up the number of 1's in each column to get the highest-ranked employee.**

Figure 9-7

# Performance Appraisal Methods (cont'd)

## ➤ *Forced distribution method*

- Similar to grading on a curve; predetermined percentages of ratees are placed in various performance categories.
- Example:
  - 15% high performers
  - 20% high-average performers
  - 30% average performers
  - 20% low-average performers
  - 15% low performers

## ➤ *Narrative Forms*



## Performance Appraisal Methods (cont'd)

- *Behaviorally anchored rating scale (BARS)*
  - An appraisal method that uses quantified scale with specific narrative examples of good and poor performance.
- *Developing a BARS:*
  - Generate critical incidents
  - Develop performance dimensions
  - Reallocate incidents
  - Scale the incidents
  - Develop a final instrument

# Performance Appraisal Methods (cont'd)

## ➤ *Advantages of using a BARS*

- A more accurate gauge
- Clearer standards
- Feedback
- Independent dimensions
- Consistency

# Appraisal-Coaching Worksheet

**Appraisal-Coaching Worksheet**

Instructions: This form is to be filled out by supervisor and employee prior to each performance review period.

Employee: \_\_\_\_\_ Position: \_\_\_\_\_

Supervisor: \_\_\_\_\_ Department: \_\_\_\_\_

Date: \_\_\_\_\_ Period of Work under Consideration: From \_\_\_\_\_ to \_\_\_\_\_

1. What areas of the employee's work performance are meeting job performance standards?
  
2. In what areas is improvement needed during the next six to twelve months?
  
3. What factors or events that are beyond the employee's control may affect (positively or negatively) his/her ability to accomplish planned results during the next six to twelve months?
  
4. What specific strengths has the employee demonstrated on this job that should be more fully used during the next six to twelve months?
  
5. List two or three areas (if applicable) in which the employee needs to improve his/her performance during the next six to twelve months (gaps in knowledge or experience, skill development needs, behavior modifications that affect job performance, etc.)
  
6. Based on your consideration of items 1–5 above, summarize your mutual objectives:
  - A. What supervisor will do:
  
  - B. What employee will do:
  
  - C. Date for next progress check or to reevaluate objectives:
  
  - D. Data/evidence that will be used to observe and/or measure progress.

\_\_\_\_\_  
Signature-Employee      Signature-Supervisor

\_\_\_\_\_  
Date

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**Figure 9–8**

# Examples of Critical Incidents for an Assistant Plant Manager

<b>Continuing Duties</b>	<b>Targets</b>	<b>Critical Incidents</b>
Schedule production for plant	90% utilization of personnel and machinery in plant; orders delivered on time	Instituted new production scheduling system; decreased late orders by 10% last month; increased machine utilization in plant by 20% last month
Supervise procurement of raw materials and inventory control	Minimize inventory costs while keeping adequate supplies on hand	Let inventory storage costs rise 15% last month; overordered parts "A" and "B" by 20%; underordered part "C" by 30%
Supervise machinery maintenance	No shutdowns due to faulty machinery	Instituted new preventative maintenance system for plant; prevented a machine breakdown by discovering faulty part

Table 9–1

### SALESMANSHIP SKILLS

Skillfully persuading prospects to join the navy; using navy benefits and opportunities effectively to sell the navy; closing skills; adapting selling techniques appropriately to different prospects; effectively overcoming objections to joining the navy.

- 9 — A prospect stated he wanted the nuclear power program or he would not sign up. When he did not qualify, the recruiter did not give up; instead, he talked this young man into electronics by emphasizing the technical training he would receive.
- 8 — The recruiter treats objections to joining the navy seriously; he works hard to counter the objections with relevant, positive arguments for a navy career.
- 7 — When talking to a high school senior, the recruiter mentions names of other seniors from that school who have already enlisted.
- 6 — When an applicant qualifies for only one program, the recruiter tries to convey to the applicant that is a desirable program.
- 5 — When a prospect is deciding on which service to enlist in, the recruiter tries to sell the navy by describing navy life at sea and adventures in port.
- 4 — During an interview, the recruiter said to the applicant. I'll try to get you the school you want, but frankly it probably won't be open for another three months, so why don't you take your second choice and leave now.
- 3 — The recruiter insisted on showing more brochures and films even though the applicant told him he wanted to sign up right now.
- 2 — When a prospect states an objection to being in the navy, the recruiter ends the conversation because he thinks the prospect must not be interested.
- 1 —

## Example of a Behaviorally Anchored Rating Scale for the Dimension *Salesmanship Skill*

Source: Walter C. Borman, "Behavior Based Rating," in Ronald A. Berk (ed.), *Performance Assessment: Methods and Applications* (Baltimore, MD: Johns Hopkins University Press, 1986), p. 103.

**Figure 9–9**

# Management by Objectives (MBO)

- *Involves setting specific measurable goals with each employee and then periodically reviewing the progress made.*
  1. Set the organization's goals.
  2. Set departmental goals.
  3. Discuss departmental goals.
  4. Define expected results (set individual goals).
  5. Performance reviews.
  6. Provide feedback.

# Computerized and Web-Based Performance Appraisal

- *Performance appraisal software programs*
  - Keep notes on subordinates during the year.
  - Electronically rate employees on a series of performance traits.
  - Generate written text to support each part of the appraisal.
- *Electronic performance monitoring (EPM)*
  - Having supervisors electronically monitor the amount of computerized data an employee is processing per day, and thereby his or her performance.

# Potential Rating Scale Appraisal Problems

## ➤ *Unclear standards*

- An appraisal that is too open to interpretation.

## ➤ *Halo effect*

- Occurs when a supervisor's rating of a subordinate on one trait biases the rating of that person on other traits.

## ➤ *Central tendency*

- A tendency to rate all employees the same way, such as rating them all average.



# A Graphic Rating Scale with Unclear Standards

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

*Note:* For example, what exactly is meant by “good,” “quantity of work,” and so forth?

# Potential Rating Scale Appraisal Problems (cont'd)

## ➤ *Strictness/leniency*

- The problem that occurs when a supervisor has a tendency to rate all subordinates either high or low.

## ➤ *Bias*

- The tendency to allow individual differences such as age, race, and sex to affect the appraisal ratings employees receive.

# How to Avoid Appraisal Problems

- *Learn and understand the potential problems, and the solutions for each.*
- *Use the right appraisal tool. Each tool has its own pros and cons.*
- *Train supervisors to reduce rating errors such as halo, leniency, and central tendency.*
- *Have raters compile positive and negative critical incidents as they occur.*

# Who Should Do the Appraising?

- *The immediate supervisor*
- *Peers*
- *Rating committees*
- *Self-ratings*
- *Subordinates*
- *360-Degree feedback*

# Advantages and Disadvantages of Appraisal Tools

<b>Tool</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Graphic rating scale</b>	Simple to use; provides a quantitative rating for each employee.	Standards may be unclear; halo effect, central tendency, leniency, bias can also be problems.
<b>BARS</b>	Provides behavioral “anchors.” BARS is very accurate.	Difficult to develop.
<b>Alternation ranking</b>	Simple to use (but not as simple as graphic rating scales). Avoids central tendency and other problems of rating scales.	Can cause disagreements among employees and may be unfair if all employees <i>are</i> , in fact, excellent.
<b>Forced distribution method</b>	End up with a predetermined number or % of people in each group.	Employees’ Appraisal results depend on your choice of cutoff points.
<b>Critical incident method</b>	Helps specify what is “right” and “wrong” about the employee’s performance; forces supervisor to evaluate subordinates on an ongoing basis.	Difficult to rate or rank employees relative to one another.
<b>MBO</b>	Tied to jointly agreed-upon performance objectives.	Time-consuming.

Table 9–3

# The Appraisal Interview

- *Types of appraisal interviews*
  - Satisfactory—Promotable
  - Satisfactory—Not promotable
  - Unsatisfactory—Correctable
  - Unsatisfactory—Uncorrectable
- *How to conduct the appraisal interview*
  - Talk in terms of objective work data.
  - Don't get personal.
  - Encourage the person to talk.
  - Don't tiptoe around.

### PERFORMANCE CONTRACT

Within the next year, I understand that our organization's objectives are \_\_\_\_\_  
and that the goals of our department are \_\_\_\_\_. I also  
understand that our work unit goals are \_\_\_\_\_.

My key internal customers are \_\_\_\_\_ and their  
work needs and expectations are \_\_\_\_\_.

To make my contribution toward attaining the goals stated above, I understand that I am  
expected to do the following:

My individual performance goals are \_\_\_\_\_.

My goals for improving work methods (process) are \_\_\_\_\_.

My goals for improving specific interpersonal work behaviors when I interact with the following  
\_\_\_\_\_ are \_\_\_\_\_.

I believe these goals are acceptable and attainable. I also understand that I will be  
evaluated by multiple appraisal sources (supervisor, peers, internal, and, if appropriate,  
external customers).

Compensation for my work performance will be based on whether my performance was  
(1) outstanding, (2) fully competent, or (3) unsatisfactory. I understand that the following  
forms of compensation will be considered: (1) merit award for my individual performance  
goal attainment, (2) enhancement and utilization of my skills, (3) my work unit's or team's  
performance (gainsharing), and (4) our organization's performance (profit sharing).

\_\_\_\_\_  
Your signature

\_\_\_\_\_  
Supervisor's signature

## Performance Contract

Source: David Antonion, "Improving the  
Performance Management Process Before  
Discontinuing Performance Appraisals,"  
*Compensation and Benefits Review* May–  
June 1994, p. 33, 34.

**Figure 9–10**

	Yes	<u>Go Back</u>
	No	
• Did you discuss each goal or objective established for this employee?	<input type="checkbox"/>	<input type="checkbox"/>
• Are you and the employee clear on the areas of agreement? disagreement?	<input type="checkbox"/>	<input type="checkbox"/>
• Did you and the employee cover all positive skills, traits, accomplishments, areas of growth, etc.? Did you reinforce the employee's accomplishments?	<input type="checkbox"/>	<input type="checkbox"/>
• Did you give the employee a sense of what you thought of his or her potential or ability?	<input type="checkbox"/>	<input type="checkbox"/>
• Are you both clear on areas where improvement is required? expected? demanded? desired?	<input type="checkbox"/>	<input type="checkbox"/>
• What training or development recommendations did you agree on?	<input type="checkbox"/>	<input type="checkbox"/>
• Did you indicate consequences for noncompliance, if appropriate?	<input type="checkbox"/>	<input type="checkbox"/>
• Did you set good objectives for the next appraisal period?	<input type="checkbox"/>	<input type="checkbox"/>
• Objective?	<input type="checkbox"/>	<input type="checkbox"/>
• Specific?	<input type="checkbox"/>	<input type="checkbox"/>
• Measurable?	<input type="checkbox"/>	<input type="checkbox"/>
• Standard to be used for evaluation?	<input type="checkbox"/>	<input type="checkbox"/>
• Time frame?	<input type="checkbox"/>	<input type="checkbox"/>
• Did you set a time for the next evaluation?	<input type="checkbox"/>	<input type="checkbox"/>
• Did you confirm what your part would be? Did the employee confirm his or her part?	<input type="checkbox"/>	<input type="checkbox"/>
• Did you thank the employee for his or her efforts?	<input type="checkbox"/>	<input type="checkbox"/>

## Checklist During the Appraisal Interview

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**Figure 9–11**



## The Appraisal Interview (cont'd)

- *How to handle a defensive subordinate*
  - Recognize that defensive behavior is normal.
  - Never attack a person's defenses.
  - Postpone action.
  - Recognize your own limitations.

# The Appraisal Interview (cont'd)

## ➤ *How to criticize a subordinate*

- Do it in a manner that lets the person maintain his or her dignity and sense of worth.
- Criticize in private, and do it constructively.
- Avoid once-a-year “critical broadsides” by giving feedback on a daily basis, so that the formal review contains no surprises.
- Never say the person is “always” wrong
- Criticism should be objective and free of any personal biases on your part.

## The Appraisal Interview (cont'd)

- *How to ensure the interview leads to improved performance*
  - Don't make the subordinate feel threatened during the interview.
  - Give the subordinate the opportunity to present his or her ideas and feelings and to influence the course of the interview.
  - Have a helpful and constructive supervisor conduct the interview.
  - Offer the subordinate the necessary support for development and change.

# The Appraisal Interview (cont'd)

## ➤ *How to handle a formal written warning*

### — Purposes of the written warning

- To shake your employee out of bad habits.
- Help you defend your rating, both to your own boss and (if needed) to the courts.

### — Written warnings should:

- Identify standards by which employee is judged.
- Make clear that employee was aware of the standard.
- Specify deficiencies relative to the standard.
- Indicates employee's prior opportunity for correction.

# Creating the Total Performance Management Process

- *“What is our strategy and what are our goals?”*
- *“What does this mean for the goals we set for our employees, and for how we train, appraise, promote, and reward them?”*
- *What will be the technological support requirements?*

# Information Required for TRW's Web-Based Performance Management System

## **Page one biographical data**

Identification information

Education

Experience summary

## **Pages 2–3 performance summary**

Accomplishments against previous year goals

TRW behaviors

TRW initiatives

Legal and ethical conduct/diversity and cultural sensitivity

Previous year's professional development activities

Employee comments

Overall performance—manager's overall rating and comments

## **Page four development summary**

Demonstrated strengths

Improvement opportunities

Performance goals for the upcoming year

Professional development activities for the upcoming year

Future potential/positions (employee perspective)

Future potential/positions (manager perspective)

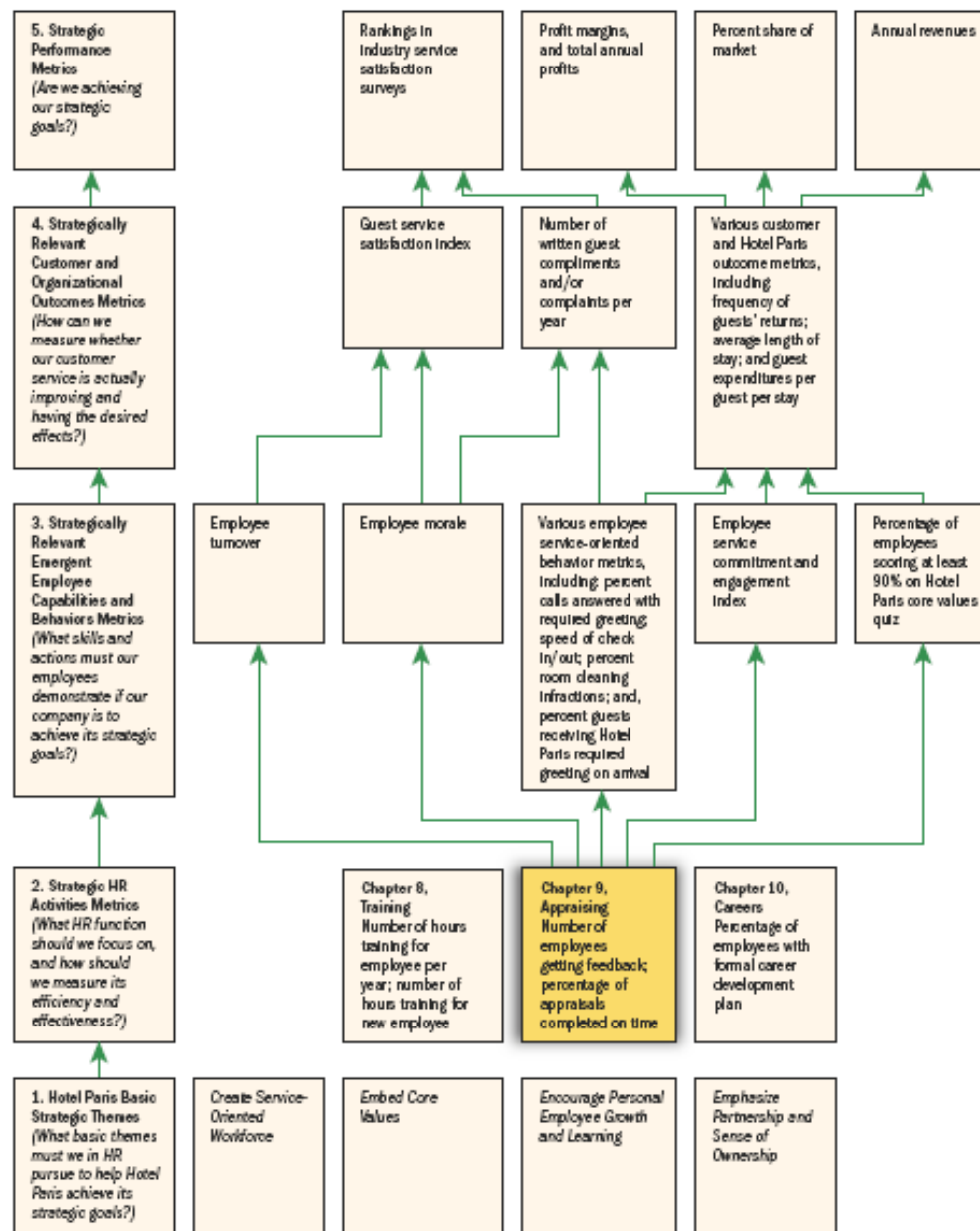
Electronic sign-off from both employee and manager

Source: D. Bradford Neary, "Creating a Company-Wide, Online, Performance Management System: A Case Study at TRW, Inc.," *Human Resource Management* 41, no 4 (Winter 2002), p. 495.

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**Figure 9–12**

# HR Scorecard for Hotel Paris International Corporation\*



Note: \*(An abbreviated example showing selected HR practices and outcomes aimed at implementing the competitive strategy, "To use superior guest services to differentiate the Hotel Paris properties and thus increase the length of stays and the return rate of guests and thus boost revenues and profitability")

Figure –13

# Key Terms

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**performance appraisal**

**performance management**

**graphic rating scale**

**alternation ranking method**

**paired comparison method**

**forced distribution method**

**critical incident method**

**behaviorally anchored rating  
scale (BARS)**

**management by objectives  
(MBO)**

**electronic performance  
monitoring (EPM)**

**unclear standards**

**halo effect**

**central tendency**

**strictness/leniency**

**bias**

**appraisal interview**