# Instructor Manual

Mike Aamodt, Industrial/Organizational Psychology: An Applied Approach, 9e, 2023, 9780357658345; Chapter 7: Lecture Guide Evaluating Employee Performance

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## Purpose and Perspective of the Chapter

This chapter is designed to introduce a student to the concept of how to evaluate employee performance. Students will learn about methods of performance appraisal, and the legal concerns surrounding termination and a performance appraisal system.

## Cengage Supplements

The following product-level supplements provide additional information that may help you in preparing your course. They are available in the Instructor Resource Center.

* Transition Guide (provides information about what’s new from edition to edition)
* Instructor Manual (contains outlines, suggested activities, and resources for instructor use in the course)
* PowerPoint (provides text and image-based lectures with active learning activities)
* Test Bank (contains assessment questions and problems)
* Guide to Teaching Online (provides technological and pedagogical considerations and resources for teaching online)
* Workbook (contains exercises to help students apply what they’ve learned)
* Stats Primer (brief guide on understanding statistics)

## Chapter Objectives

The following objectives are addressed in this chapter:

07.01 Create a performance appraisal instrument.

07.02 Administer a performance appraisal system.

07.03 Describe the problems associated with performance ratings.

07.04 Conduct a performance appraisal review.

07.05 Explain how to legally terminate an unproductive employee.

07.06 Determine the legality of a performance appraisal system.

## Complete List of Chapter Activities and Assessments

|  |  |  |  |
| --- | --- | --- | --- |
| Chapter Objective | PPT slide | Activity/Assessment | Duration |
| 07.01 Create a performance appraisal instrument. | 4-40  18  Workbook  PPT 17  Workbook  PPT 24  Workbook  PPT 40 | Activity: Discussion  Exercise 7.1  360-Degree Feedback  Exercise 7.2  Creating Performance Dimensions  Exercise 7.4  Writing Behavioral Statements | 5 minutes  5 minutes  10 minutes  10 minutes |
| 07.02 Administer a performance appraisal system. | 41-53  Workbook  PPT 30  Workbook  PPT 61 | Activity: Rating Exercise  Exercise 7.3  Paired-Comparison Exercise  Exercise 7.5  Evaluating Employee Performance | 5 minutes  5 minutes |
| 07.03 Describe the problems associated with performance ratings. | 54-60  Workbook  PPT 64 | Activity: Discussion  Exercise 7.6  Rating Errors | 5 minutes  10 minutes |
| 07.04 Conduct a performance appraisal review. | 66-70  Workbook  PPT 70 | Exercise 7.7  Performance Appraisal Interviews | 10 minutes |
| 07.05 Explain how to legally terminate an unproductive employee. | 71-80 |  |  |
| 07.06 Determine the legality of a performance appraisal system. | 81-82 |  |  |
| All objectives | 2  83  84  85 | Icebreaker  Case Study  Discussion  Self-Assessment | 10 minutes  10 minutes  10 minutes  10 minutes |

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## Key Terms

**Forced-choice rating scale:** A method of performance appraisal in which a supervisor is given several behaviors and is forced to choose which of them is most typical of the employee.

**Performance appraisal review:** A meeting between a supervisor and a subordinate for the purpose of discussing performance appraisal results.

**Peter Principle:** The idea that organizations tend to promote good employees until they reach the level at which they are not competent—in other words, their highest level of incompetence.

**360-degree feedback:** A performance appraisal system in which feedback is obtained from multiple sources such as supervisors, subordinates, and peers.

**Multiple-source feedback:** Performance appraisal strategy in which an employee receives feedback from sources (e.g., clients, subordinates, peers) other than just their supervisor.

**Rank order:** A method of performance appraisal in which employees are ranked from best to worst.

**Paired comparison:** A form of ranking in which a group of employees to be ranked are compared one pair at a time.

**Forced distribution method:** A performance appraisal method in which a predetermined percentage of employees are placed into a number of performance categories.

**Quantity:** A type of objective criterion used to measure job performance by counting the number of relevant job behaviors that occur.

**Quality:** A type of objective criterion used to measure job performance by comparing a job behavior with a standard.

**Error:** Deviation from a standard of quality; also a type of response to communication overload that involves processing all information but processing some of it incorrectly.

**Graphic rating scale:** A method of performance appraisal that involves rating employee performance on an interval or ratio scale.

**Contamination:** The condition in which a criterion score is affected by things other than those under the control of the employee.

**Frame-of-reference training:** A method of training raters in which the rater is provided with job-related information, a chance to practice ratings, examples of ratings made by experts, and the rationale behind the expert ratings.

**Critical incidents:** A method of performance appraisal in which the supervisor records employee behaviors that were observed on the job and rates the employee on the basis of that record.

**Employee Performance Record:** A standardized use of the critical-incident technique developed at General Motors.

**Distribution errors:** Rating errors in which a rater will use only a certain part of a rating scale when evaluating employee performance.

**Leniency error:** A type of rating error in which a rater consistently gives all employees high ratings, regardless of their actual levels of performance.

**Central tendency error:** A type of rating error in which a rater consistently rates all employees in the middle of the scale, regardless of their actual levels of performance.

**Strictness error:** A type of rating error in which a rater consistently gives all employees low ratings, regardless of their actual levels of performance.

**Assimilation:** A type of rating error in which raters base their rating of an employee during one rating period on the ratings the rater gave during a previous period.

**Infrequent observation:** The idea that supervisors do not see most of an employee’s behavior.

**Stress:** Perceived psychological pressure.

**Affect:** Feelings or emotion.

**Employment-at-will doctrine:** The opinion of courts in most states that employers have the right to hire and fire an employee at will and without any specific cause.

**Employment-at-will statements:** Statements in employment applications and company manuals reaffirming an organization’s right to hire and fire at will.

**Progressive discipline:** Providing employees with punishments of increasing severity, as needed, in order to change behavior.

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## What's New in This Chapter

The following elements are improvements in this chapter from the previous edition:

* Updated discussion of customer feedback
* Enhanced discussion of using quantity of work as a measure of performance
* New figure providing examples of rating scale anchors
* Revised discussion of racial bias in performance evaluations
* New discussion on “feedforward” rather than “feedback”
* Removal of some dated examples
* Revised Career Box on getting good performance ratings

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## Chapter Outline

*In the outline below, each element includes references (in parentheses) to related content. "CH.##” refers to the chapter objective; “PPT Slide #” refers to the slide number in the PowerPoint deck for this chapter (provided in the PowerPoints section of the Instructor Resource Center). Introduce the chapter and use the Ice Breaker in the PPT if desired, and if one is provided for this chapter. Review learning objectives for Chapter 7. (PPT Slide 3).*

1. Creating a performance appraisal instrument (07.01, PPT Slide 4)
   1. Effective and legal performance appraisal systems: (PPT Slide 5)
      * Are job-related
      * Are properly administered
      * Provide specific feedback
      * Use appropriate raters
   2. Steps in developing the system (PPT Slide 6)
      * Create a task force
      * Goal of performance appraisal system
      * Identify environmental and cultural variables
      * Determine the sources to use in appraising performance (PPT Slide 7)
      * Determine the best method to accomplish your goal
   3. Purpose of the appraisal (PPT Slide 8)
      * Feedback and training (PPT Slide 9)
      * Determining salary increases
      * Making promotion decisions
      * Making termination decisions
      * Conducting organizational research
   4. Identify environmental and cultural limitations (PPT Slide 10)
      * Overworked supervisors (PPT Slide 11)
      * No resources for merit pay
      * Cohesive employees could skew peer ratings
   5. Determine the sources to appraise performance (PPT Slides 12 -13)
      * Multiple sources (360-degree feedback) (PPT Slide 14)
      * Supervisors (PPT Slide 15)
        1. Results
      * Peers
        1. Behavior
      * Subordinates (PPT Slide 16)
        1. Difficulty to obtain
      * Customers
      * Self-appraisal
        1. Leniency
      * **Workbook Exercise 7.1: 360-degree Feedback** (PPT Slide 17)
      * **Activity**: Discussion (PPT Slide 18, 5 minutes)
   6. Best appraisal method to accomplish goals (PPT Slide 19)
      * Three important decisions: (PPT Slide 20)
        1. Focus of the appraisal dimensions?
        2. Should dimensions be weighted?
        3. Should we use employee comparisons, objective measures, or ratings?
      * Focus? (PPT Slide 21)
        1. Trait focus
        2. Competency focus
        3. Task focus (PPT Slide 22)
        4. Goal focus
        5. Contextual focus (PPT Slide 23)
      * **Workbook Exercise 7.2: Creating Performance Dimensions** (PPT Slide 24)
      * Should dimensions be weighted? (PPT Slide 25)
      * How will performance be appraised? (PPT Slide 26)
        1. Employee comparisons (PPT Slide 27)
        2. Results
        3. Subjective ratings
        4. **Example**: Ranking Method (PPT Slide 28)
        5. **Example**: Forced Distribution (PPT Slide 29)
      * **Workbook Exercise 7.3 Paired-comparison Exercise** (PPT Slide 30)
        1. Objective measures (PPT Slide 31)
           1. Quantity of work
           2. Quality of work
           3. Attendance
           4. Safety
        2. Ratings of performance (PPT Slide 32)
           1. Graphic rating scales
           2. Behavioral checklist
           3. Comparison with other employees
           4. Frequency of desired behaviors
           5. Extent to which organizational expectations are met
        3. **Example**: Graphic Rating Scale (PPT Slide 33)
        4. **Example**: Scale Types Comparison to Other Employees (PPT Slide 34)
        5. **Example**: Frequency (PPT Slide 35)
        6. **Example**: Extent to which expectations were met (PPT Slide 36)
        7. **Example**: Mixed-standard scale (PPT Slide 37)
        8. **Example**: Forced-choice scale (PPT Slide 38)
        9. Evaluation of performance appraisal methods (PPT Slide 39)
      * **Workbook Exercise 7.4: Writing Behavioral Statements** (PPT Slide 40)
2. Administering a performance appraisal system (07.02)
   1. Train raters (PPT Slide 41)
      * Few organizations train raters (PPT Side 42)
      * Frame-of-reference training
   2. Observe and document performance (PPT Slide 43)
      * Why document? (PPT Slide 44)
      * **Activity**: Rating Exercise (PPT Slide 45-46)
      * What we tend to remember (PPT Slide 47)
      * What we tend to forget (PPT Slide 48)
      * Critical incidents (PPT Slide 49)
      * Employee performance record (PPT Slide 50)
      * **Example**: Performance record (PPT Slide 51)
   3. Evaluate performance (PPT Slide 52)
      * Obtain and review objective data (PPT Slide 53)
      * Read critical incident logs
      * Complete rating form
3. Describing the problems associated with performance ratings (07.03, PPT Slide 54)
   1. Common Rating Errors
      * Halo or horns
      * Range restriction
      * Location errors
      * Low reliability across raters
      * Sampling problems (PPT Slide 55)
      * Cognitive processing of observed behavior
      * **Example**: Common rating errors (PPT Slides 56-60)
      * **Workbook Exercise 7.5: Evaluating Employee Performance** (PPT Slide 61)
      * Employee Performance by Area and Shift (PPT Slide 62)
      * Employee Rating by Area and Shift (PPT Slide 63)
      * **Workbook Exercise 7.6: Rating Errors** (PPT Slide 64)
      * **Activity**: Discussion (PPT Slide 65)
4. Conducting a performance appraisal review (07.04, PPT Slide 66)
   1. Effective performance appraisal review interviews (PPT Slide 67)
      * Employee participation
      * Supervisor attitude
      * Mutual setting of goals
      * Prior to the interview (PPT Slide 68)
      * During the interview (PPT Slide 69)
      * **Workbook Exercise 7.7: Performance-appraisal Interviews** (PPT Slide 70)
5. Explaining how to legally terminate an unproductive employee (07.05, PPT Slide 71)
   1. Employment-at-will doctrine (PPT Slide 72)
   2. Legal reasons for terminating employees (PPT Slide 73)
      * Probationary period
      * Violation of rules
      * Inability to perform
      * Layoff
      * Employment-at-will
   3. Violation of the organization’s rules (PPT Slide 74)
   4. Progressive discipline (PPT Slide 75)
   5. Inability to perform (PPT Slide 76)
   6. Reduction in force (PPT Slide 77)
   7. Prior to the termination meeting (PPT Slide 78)
   8. During the termination meeting (PPT Slide 79)
   9. After the termination meeting (PPT Slide 80)
6. Determining the legality of a performance appraisal system (07.06, PPT Slide 81)
   1. Questions to ask (PPT Slide 82)
   2. **Activity**: Applied case study (PPT Slide 83, 10 minutes)
   3. **Activity**: Focus on ethics (PPT Slide 84, 10 minutes)
   4. **Activity**: Self-assessment (PPT Slide 85, 10 minutes)

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## Discussion Questions

You can assign these questions several ways: in a discussion forum in your LMS; as whole-class discussions in person; or as a partner or group activity in class.

1. Discussion: 360-Degree Feedback (PPT Slide 18, 5 minutes)
   1. Would you implement a 360-degree feedback system in your organization?
2. Discussion: Quotes from Actual Performance Evaluations (PPT Slide 65, 5 minutes)
   1. Information: slide contains quotes from actual performance evaluations for discussion.
3. Discussion: The at-will doctrine. (PPT Slides 84)
   1. Students will discuss questions listed concerning the at-will doctrine.
4. Career Workshop**:** Getting good performance ratings.
   1. Career Workshop can be used as supplemental in-class discussion.

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## Additional Activities and Assignments

1. **Workbook Exercise 7.1** 360-Degree Feedback
   1. Exercise asks students to design a 360-feedback system for servers by indicating what sources they would use to gather feedback.
2. **Workbook Exercise 7.2**: Creating Performance Dimensions
   1. Exercise asks students to create a performance appraisal system by listing performance dimensions for each of the four types of dimensions.
3. **Workbook Exercise 7.3**: Paired-Comparison Technique
   1. Exercise asks students to use the paired-comparison technique to rank example employees by using previous professors as an example.
4. **Workbook Exercise 7.4**: Writing Behavioral Statements
   1. Exercise asks students to convert the task statements from a sample job description into behavioral expectations.
5. **Workbook Exercise 7.5**: Evaluating Employee Performance
   1. Exercise asks students to use sample data to indicate what performance rating they would give each of the employees.
6. **Workbook Exercise 7.6**: Rating Errors
   1. Exercise asks students to rate past professors to demonstrate possible examples of rating errors.
7. **Workbook Exercise 7.7**: Performance Appraisal Interviews
   1. Exercise asks students to conduct a performance appraisal review by using the last server that served them at a restaurant as an example.

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## Additional Resources

### Internet Resources

* <https://www.ioatwork.com/organizational-performance/> I/O At Work publications on the topic of organizational performance.

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## Appendix

### Generic Rubrics

Providing students with rubrics helps them understand expectations and components of assignments. Rubrics help students become more aware of their learning process and progress, and they improve students’ work through timely and detailed feedback.

Customize these rubrics as you wish. The writing rubric indicates 40 points and the discussion rubric indicates 30 points.

### Standard Writing Rubric

|  |  |  |  |
| --- | --- | --- | --- |
| **Criteria** | **Meets Requirements** | **Needs Improvement** | **Incomplete** |
| Content | The assignment clearly and comprehensively addresses all questions in the assignment.  15 points | The assignment partially addresses some or all questions in the assignment.  8 points | The assignment does not address the questions in the assignment.  0 points |
| Organization and Clarity | The assignment presents ideas in a clear manner and with strong organizational structure. The assignment includes an appropriate introduction, content, and conclusion. Coverage of facts, arguments, and conclusions are logically related and consistent.  10 points | The assignment presents ideas in a mostly clear manner and with a mostly strong organizational structure. The assignment includes an appropriate introduction, content, and conclusion. Coverage of facts, arguments, and conclusions are mostly logically related and consistent.  7 points | The assignment does not present ideas in a clear manner and with strong organizational structure. The assignment includes an introduction, content, and conclusion, but coverage of facts, arguments, and conclusions are not logically related and consistent.  0 points |
| Research | The assignment is based upon appropriate and adequate academic literature, including peer reviewed journals and other scholarly work.  5 points | The assignment is based upon adequate academic literature but does not include peer reviewed journals and other scholarly work.  3 points | The assignment is not based upon appropriate and adequate academic literature and does not include peer reviewed journals and other scholarly work.  0 points |
| Research | The assignment follows the required citation guidelines.  5 points | The assignment follows some of the required citation guidelines.  3 points | The assignment does not follow the required citation guidelines.  0 points |
| Grammar and Spelling | The assignment has two or fewer grammatical and spelling errors.  5 points | The assignment has three to five grammatical and spelling errors.  3 points | The assignment is incomplete or unintelligible.  0 points |

### Standard Discussion Rubric

|  |  |  |  |
| --- | --- | --- | --- |
| **Criteria** | **Meets Requirements** | **Needs Improvement** | **Incomplete** |
| Participation | Submits or participates in discussion by the posted deadlines. Follows all assignment. instructions for initial post and responses.  5 points | Does not participate or submit discussion by the posted deadlines. Does not follow instructions for initial post and responses.  3 points | Does not participate in discussion.  0 points |
| Contribution Quality | Comments stay on task. Comments add value to discussion topic. Comments motivate other students to respond.  20 points | Comments may not stay on task. Comments may not add value to discussion topic. Comments may not motivate other students to respond.  10 points | Does not participate in discussion.  0 points |
| Etiquette | Maintains appropriate language. Offers criticism in a constructive manner. Provides both positive and negative feedback.  5 points | Does not always maintain appropriate language. Offers criticism in an offensive manner. Provides only negative feedback.    3 points | Does not participate in discussion.  0 points |