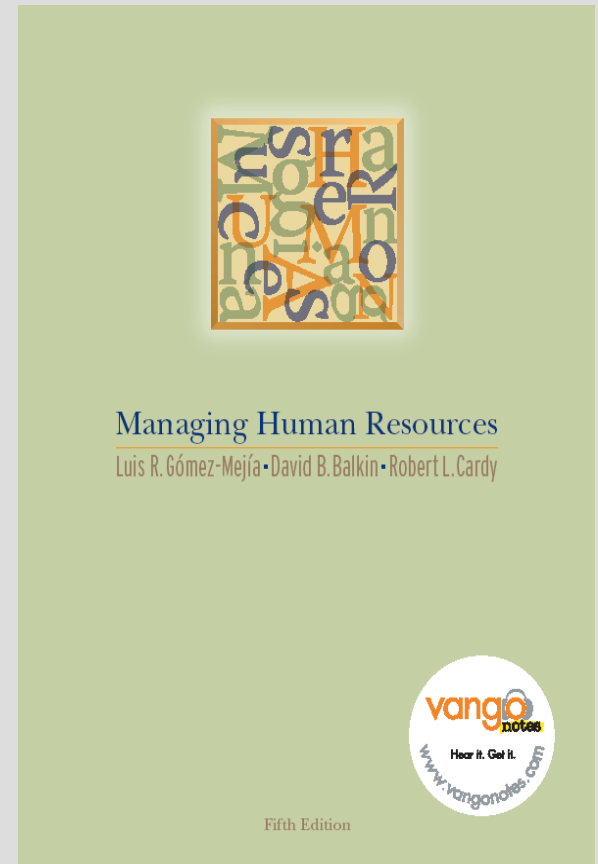


Chapter 7

Appraising and Managing Performance



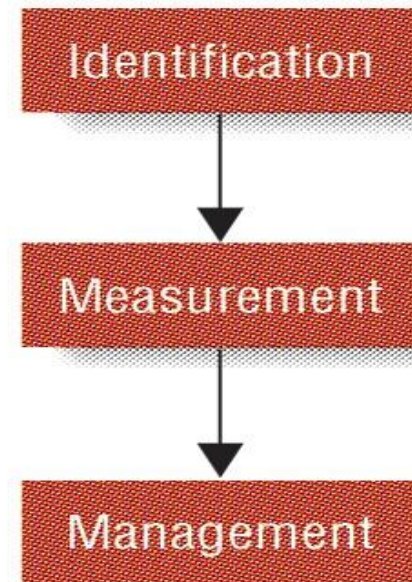
Chapter 7 Overview

- Explain why performance appraisal is important and describe its components
- Discuss the advantages and disadvantages of different performance rating systems
- Manage the impact of rating errors and bias on performance appraisals
- Discuss the potential role of emotion in performance appraisal and how to manage its impact
- Identify the major legal requirements for appraisal
- Use performance appraisals to manage and develop employee performance

What Is Performance Appraisal?

- 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

Identifying Performance Dimensions

- Dimension – *An aspect of performance that determines effective job performance.*
- **Measuring performance**
 - Administering numbers or labels towards performance is difficult to quantify

Identifying Performance Dimensions

Measurement Tools

- 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.

Identifying Performance Dimensions

Trait, Behavioral, and Outcome Data

- *Trait appraisal instruments*
- *Behavioral appraisal instruments*
- *Outcome appraisal instruments – MBO*



Identifying Performance Dimensions

Measurement Tools – continued

Figure 7.8

CRITERIA				
Appraisal Format	Administrative Use	Developmental Use	Legal Defensibility	
Absolute	0	+	0	
Relative	++	-	-	
Trait	+	-	--	
Behavior	0	+	++	
Outcome	0	0	+	
- - Very poor	- Poor	0 Unclear or mixed	+ Good	++ Very good

Identifying Performance Dimensions

Challenges to effective performance measurement

- **Rater errors and bias**
 - Rater error – *An error in performance appraisals that reflects consistent biases on the part of the rater.*
- **Comparability**
- **Frame-of-reference (FOR) training**

Identifying Performance Dimensions

Challenges to effective performance measurement

- *The Influence of Liking*
 - *Precautions*
- *Organizational Politics*
- *Individual or Group Focus*

Yahoo!



Employees use peer ratings to appraise coworkers. Review by employees familiar with each other's work can result in an accurate assessment of performance.

Emerging Trends: Measuring the Performance of Teams

- Review existing measures to make sure the team is aware of the measures and has commitment and responsibilities to achieve them.
- Identify interim checkpoints at which team progress or achievements can be assessed.
- Identify what the team and team members must do to achieve the desired team-level results.
- Prioritize team goals according to relative importance.

Emerging Trends: Measuring the Performance of Teams

- Develop any needed measures of interim and final team and individual performance.
- Develop team and individual performance standards so that everyone has a clear understanding of performance expectations.
- Determine how the performance management system will work. Who will be the raters? How will feedback be provided?

Identifying Performance Dimensions

Challenges to effective performance measurement

- *Legal Issues – factors influencing judges' decisions in cases involving performance appraisals*
 - *Use of job analysis*
 - *Providing written instructions*
 - *Allowing employees to review appraisal results*
 - *Agreement among multiple raters*
 - *The presence of rater training*

Managing Performance

- *The Appraisal Interview*

Helpful or Dreadful??



Managing Performance

Performance Improvement

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

Situational (System) Factors to Consider in Determining the Causes of Performance Problems

Figure 7.10

Face-to-face communication during the performance appraisal interview can be more effective if managers use “microskills”—communication factors that must be present for effective interpersonal communication. Several examples follow:

Skills	Benefit	Description	Example
Nonverbal Attending	Suggests interest and active listening.	Rater sits with a slight forward, comfortable lean of the upper body, maintains eye contact, and speaks in a steady and soothing voice.	While the ratee is speaking, the rater looks at the person and gently nods head to signal interest.
Open and Closed Questions	Appropriate use of open and closed questions can ensure an effective flow of communication during an interview.	Open questions encourage information sharing and are most appropriate early in an interview or in complex, ambiguous situations. Closed questions evoke short responses and are useful for focusing and clarifying.	Open questions start with words like “Could,” “Would,” “How,” “What,” or “Why.” Closed questions start with words like “Did,” “Is,” or “Are.”
Paraphrasing	Paraphrasing can clarify and convey to the ratee that you are listening actively.	A paraphrase is a concise statement in your own words of what someone has just said. It should be factual and nonjudgmental.	You might begin by saying “If I have this right . . .” or “What you’re saying is . . .” and end with “Is that correct?” or “That’s what you are saying?”
Reflection of Feeling	Shows that you are trying to understand the emotional aspect of the workplace. The empathy and sensitivity of such reflection can open up communication and allow the interview to move more meaningfully to task-related issues.	Similar to paraphrase, a reflection of feeling is a factual statement of the emotions you sense the other person is feeling. Be cautious about using this technique insincerely or with those who need professional help.	Start by saying something like “It sounds like you’re feeling . . .” End as you would a paraphrase (“Is that right?”).
Cultural Sensitivity	Communication is more effective when you are sensitive to the possible influence of cultural differences.	Pay attention to cultural differences that may influence how another person communicates and how you might communicate with others.	When dealing with employees from a culture that is highly formal, avoid addressing them in the workplace by their first names. Doing so may signal disrespect.

Sources: Adapted from Kikoski, J. F. (1998). Effective communication in the performance appraisal interview: Face-to-face communication for public managers in the culturally diverse workplace. *Public Personnel Management*, 27, 491-513; and Ivey, A. B., Ivey, M. B., and Simek-Downing, L. (1987). *Counseling and psychotherapy: Integrating skills, theory, and practice* (2nd ed). Upper Saddle River, NJ: Prentice Hall.

Managing Performance

Performance Improvement

- *Directing attention to the causes of problems and developing an action plan and empowering workers to reach a solution –*
- *Directing communication at performance –*

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.

Customer-Driven HR

- Give-and-Take! Tips for Better Performance Reviews
 - Start with the raw data
 - 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

Summary and Conclusions

- What is performance appraisal?
- Identify performance dimensions
- Measuring Performance
- Managing Performance

