



Wolters Kluwer

When you have to be right

Chapter 24

Performance Appraisal

Employee Performance Appraisal

- A sensitive & important part of the management process, requiring much skill.
- Used to determine how well employees performing their job.
- Measure actual behavior & not intent.
- Outcomes can be very positive.
- Because of past experiences, are highly charged, emotional events for most employees.

Factors Influencing Effective Performance Appraisal

- Should be based on a standard.
- The tool must adequately & accurately assess job performance.
- Employee should have input into development of the standard.
- Employee must know the standard in advance.
- Employee must know the sources of data gathered for the appraisal.
- Appraiser should be someone who has observed the employee's work.
- Appraiser should be someone who the employee trusts & respects.

Reminder

- A performance appraisal wastes time if it is merely an excuse to satisfy regulations & the goal is not employee growth.

Strategies to Ensure Performance Appraisal Accuracy

- Develop self-awareness regarding own biases & prejudices.
- Use appropriate consultation.
- Gather data adequately over time.
- Keep accurate anecdotal records for the length of the appraisal period.
- Collect positive data & identify areas where improvement is needed.
- Include employee's own appraisal of his or her performance.
- Guard against the halo effect, horns effect, central tendency trap (*Discussed in later slide*)

Developing Standards of Performance Appraisal

- Employees should have some input into developing the standards or goals on which their performance is judged.
- If employees believe the appraisal is based on their job description rather than on whether the manager approves of them, they are more likely to view the appraisal as relevant.

Types of Performance Appraisal Tools

- *Trait rating scales*: rates an individual against some standard
- *Job dimension scales*: rates the performance on job requirements
- *Behaviorally anchored rating scales*: rates desired job expectations on a scale of importance to the position
- *Checklists*: rates the performance against a set list of desirable job behaviors
- *Essays*: a narrative appraisal of job performance
- *Self-appraisals*: an appraisal of performance by the employee
- *Management by objectives*: employee and management agree upon goals of performance to be reached
- *Peer review*: assessment of work performance carried out by peers

Planning the Appraisal Interview

- Feedback, perhaps the greatest tool a manager has for changing behavior, must be given in an appropriate manner.
- Indirectness & ambiguity are more likely to inhibit communication than enhance it, & the employee is left unsure about the significance of the message.

Pitfalls in Performance Appraisal

- Subjectivity as a factor
- Tendency to be lenient
- Inadequate record keeping
- “Recency effect” when recent issues are weighed more heavily than past performance

Other Common Pitfalls of Performance Appraisal

- “Halo effect” occurs when the appraiser lets one or two positive aspects of the assessment or behavior of the employee unduly influence all other aspects of the employee’s performance.
- “Horns effect” occurs when the appraiser allows some negative aspects of the employee’s performance to influence the assessment to such an extent that other levels of job performance are not accurately recorded.

Other Common Pitfalls of Performance Appraisal

- “Central tendency” the inclination of managers to rate all their subordinates with an “average” score during **performance appraisal**. For instance, if the rating scale was from 1-7, the managers would leave out the extremes i.e. 1,2,6,7 and rate all the employees with a score between 3-5.

Strategies for Becoming an Effective Coach

- Be specific, not general, in describing behavior that needs improvement.
- Be descriptive, not evaluative, when describing what was wrong with the performance.
- Be certain that the feedback is not self-serving but meets the needs of the employee.
- Direct the feedback toward behavior that can be changed.
- Use sensitivity in timing the feedback and make sure employee understand feedback.

Question

Which is a common pitfall of performance appraisal?

- A. Excessive strictness
- B. Being overly objective
- C. Overemphasizing recent performance rather than taking the long view
- D. Vagueness

Answer

C. Overemphasizing recent performance rather than taking the long view

Rationale: This common fallacy is known as the “recency effect.”

Question

If an employee is often late for work, and this unduly affects his or her performance appraisal, this is an example of:

- A. The halo effect
- B. The recency effect
- C. The horns effect
- D. Central tendency

Answer

C. The horns effect

Rationale: The horns effect is when a negative aspect of an employee's performance influences the supervisor's appraisal to an unreasonable degree.

Effective Performance Appraisals (PA)

- PA more likely have positive outcome if appraiser is viewed with trust & professional respect.
- Avoid surprises in the appraisal conference.
- Effective leader coaches & communicates informally with staff on a continual basis, so there should be little new information at an appraisal conference.
- PA based on a standard that all employees are held accountable to, & this standard must be communicated at the time of hire.

Effective Performance Appraisals— (cont.)

- Employees must know in advance what happens if standards are not met.
- Employees must know how information will be obtained to determine performance level.
- Appraisers should be those who directly supervise the employee.
- The employee's past experience with performance appraisals (negative or positive) will affect the outcome.

Trait Rating Scales

- A method of rating a person against a set standard, which may be the job description, desired behaviors, or personal traits.
- Probably the most widely used of the many available appraisal methods

Positive Feedback

- Some employees look on their annual performance review as an opportunity to receive positive feedback from their supervisor, especially if the employee receives infrequent praise on a day-to-day basis.
- Indirectness & ambiguity are more likely to inhibit communication than enhance it, & the employee is left unsure about the significance of the message.

Question

Tell whether the statement is true or false:

Indirectness in an appraisal can be a way to soften criticism and make the discussion open-ended.

- A. True
- B. False

Answer

B. False

Rationale: Indirectness is more likely to inhibit communication and leave the employee confused.

360-Degree Evaluation

- The *360-degree evaluation* includes an assessment by all individuals within the sphere of influence of the individual being appraised.
- Uses feedback from an employee's subordinates, colleagues, and supervisor(s), as well as a self-evaluation by the employee themselves is gathered. S

Management by Objectives (MBO)

- MBO is a management model to improve the performance of an organization by clearly defining objectives that are agreed to by both management & employees.
- The employee & supervisor meet & agree on the principal duties & responsibilities of the employee's job.
- The employee sets short-term goals & target dates in cooperation with the supervisor or manager.
- Both parties agree on the criteria that will be used for measuring & evaluating the accomplishment of goals.
- It has been proved to increase productivity & commitment in employees.

Management by Objectives—(cont.)

- The employee & supervisor meet regularly to discuss progress.
- The manager's role is supportive, assisting the employee to reach goals by coaching & counseling.
- During the appraisal process, the manager determines whether the employee has met the goals.
- The entire process focuses on outcomes & results and not on personal traits.

Question

Tell whether the statement is true or false:

Under management by objectives, the supervisor determines and clearly communicates the goals and target dates to the employee.

- A. True
- B. False

Answer

B. False

Rationale: In management by objectives, the employee and manager cooperate to set short-term goals and target dates.

Peer Review

Peer review has great potential for developing professional accountability but is often difficult to implement.

Performance Management

- Appraisals are eliminated as the manager places his or her efforts into ongoing coaching, mutual goal setting, and the leadership training of subordinates.
- The performance-management calendar is generally linked to the organization's business calendar.

Coaching as Part of the Performance Appraisal Process

The effective manager and astute leader are aware that day-to-day feedback regarding performance is one of the best methods for improving work performance and building a team approach.

Reflective Practice or Clinical Coaching

In reflective practice or clinical coaching, the manager or mentor meets with an employee regularly to discuss aspects of his or her work.

Both individuals determine the agenda jointly, with the goal of an environment of learning that can span the personal and professional aspects of the employee's experience.

Day-to-Day Feedback

Day-to-day feedback regarding performance is one of the best methods for improving work performance and building a team approach.