

Performance Appraisals



Module 14 Topic 6

More than 30% of employees in organizations are disengaged

- Disengaged employees are disinterested and unproductive



Performance

Performance refers to “outcomes, results or accomplishments”

- Rothwell, 2005



Performance management

Performance management is, “a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization” .

- Aguinis, 2005



Performance management

“A system that involves employee evaluations once a year without an ongoing effort to provide feedback and coaching so that performance can be improved is not a true performance management system.”

- Aguinis, 2005



Performance Appraisal

Performance appraisal is “the systematic description of an employee’s strengths and weaknesses.”

- Aguinis, 2005



Performance Management & Appraisal

Performance Appraisal

- Measures performance
- Evaluates performance
- Feeds back the evaluation

Performance management

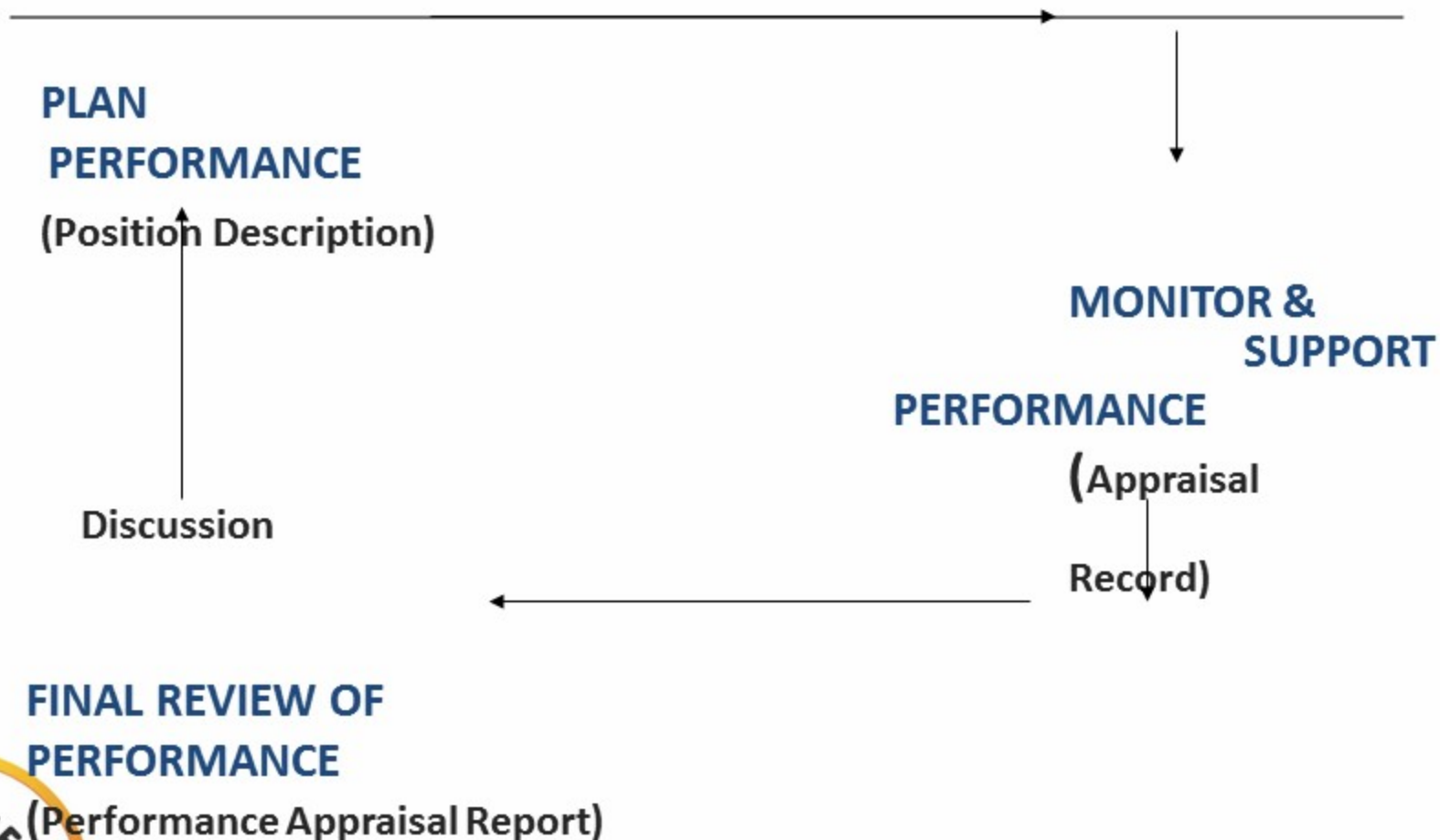
- Defines performance
- Facilitates Performance
- Encourages performance



PMAS Process



PMAS Documents



Using Performance Appraisal

- Developmental
 - Improving performance
 - Career development
- Administrative
 - Salary decisions
 - Promotion
 - Retention



Relative & Absolute Judgments

- Relative
 - Ranking
 - Forced distribution
- Absolute
 - Graphic rating scales
 - Behavioral checklists
 - Critical incidents

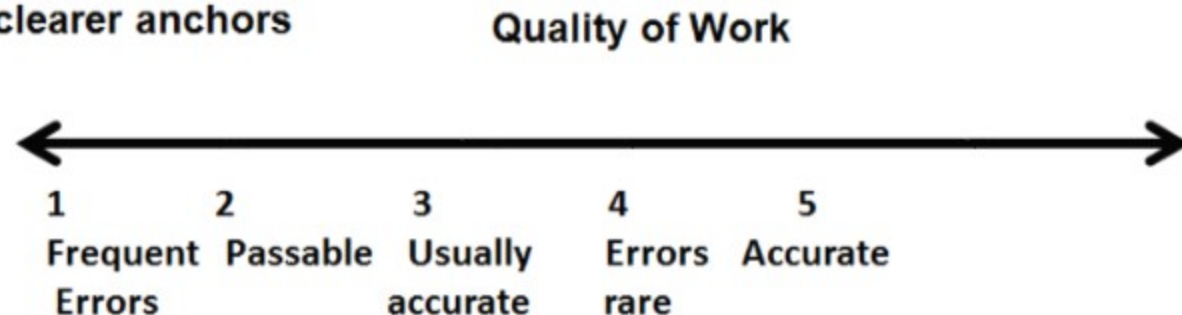


Scale Formats

Graphic Rating Scale



Graphic Rating Scale clearer anchors



Trait and Behavioral Data

- Traits
 - Personality
 - Individual traits
- Behavioral data
 - Behaviourally anchored rating scales (BARS)
 - scales used to rate performance. BARS are normally presented vertically with scale points ranging from five to nine. It is an appraisal method that aims to combine the benefits of narratives, critical incidents, and quantified ratings by anchoring a quantified scale with specific narrative examples of good, moderate, and poor performance.



Trait and Behavioral Data (contd)

– Behavioral Observation System (BOS)

- A technique for evaluating the performance of an employee which can be used as part of the appraisal process. BOS technique involves a process of identifying the key tasks for a particular job, wherein employees are evaluated according to how frequently they exhibit the required behaviour for effective performance. The scores for each of these observed behaviours can then be totalled to produce an overall performance score. In such instances, the various measures of behaviour are normally weighted to reflect the relative importance of the measure to the overall job.



Scale Formats

Behaviorally Anchored Rating Scale For Supervision

- 5: Can train and develop subordinates
- 4: Exhibits respect towards subordinates
- 3: Critical of personnel in front of others
- 2: Sets a poor example
- 1: Reneges on promises



Outcome Data

- Meeting goals
- Quantitative data
 - sales
 - scrappage
 - productivity



Performance system

- Enhance the professional development of all employees.
- Achieve greater objectivity and fairness, and base performance evaluation on explicit performance criteria that broadly define desired behavior.
- Increase real-time feedback.
- Recognize superior, long-term professional performance.



Performance system

- Provide the primary basis for annual compensation and promotion decisions
- Provide more substantive annual performance appraisals
- Encourage teamwork
- Increase cross-departmental and cross-divisional feedback
- Increase the consistency and confidentiality of the process



Purposes of Performance Appraisal

- Communicate strategy, values, expectations.
- Build the culture
- Evaluation
 - Current job (e.g., salary and bonus)
 - Future jobs (e.g., promotion)
- Development and Feedback
- Legal defense
 - Hiring and promotion decisions
 - Validation
- Equity and fairness



Problems in Performance Rating

- Halo
- Stereotypes
- Overweight negative information
- Lack of sufficient observation
- Memory: primacy / recency
- Leniency
- Central tendency
- Justification for salary
- Ability to write



Performance Review Methods

- 360-Degree Evaluation
- Rating Scales
- Critical Incidents
- Essay
- Performance Contracts
- Ranking
- Paired Comparisons
- Behaviourally Anchored Rating Scales (BARS)
- Result-Based Systems

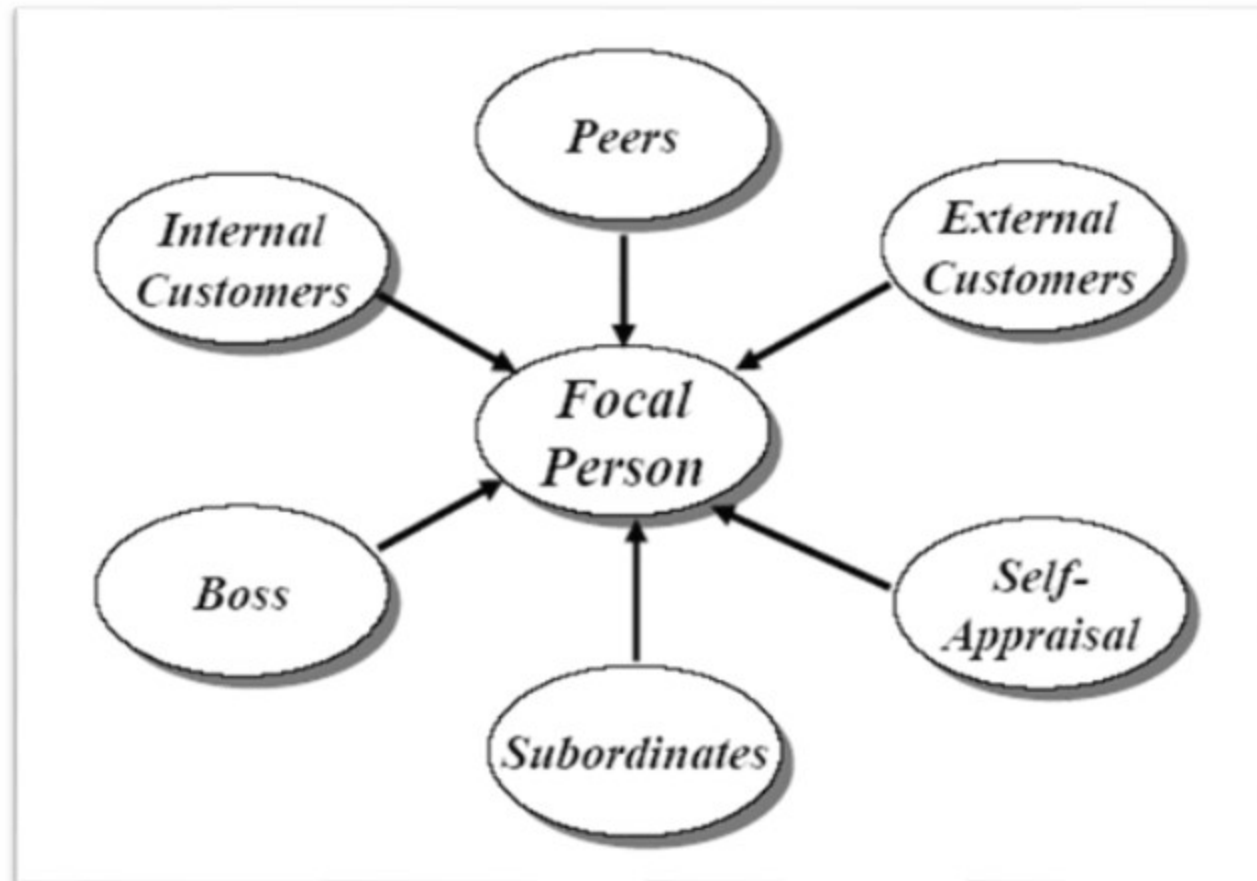


Evaluating Rating Formats

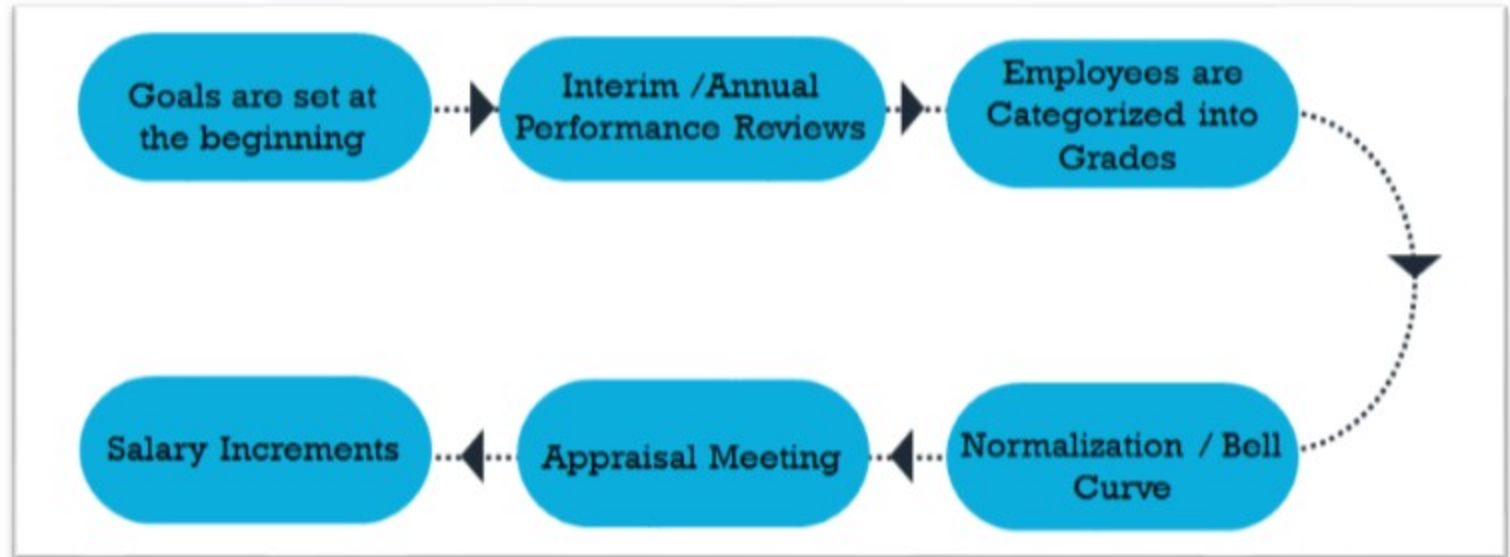
<i>Rating Formats</i>					
	Trait Rating	Forced Ranking	BARS	MBO	360 Degree
1. Acceptability, feedback	<i>poor</i>	<i>poor</i>	<i>good</i>	<i>good</i>	<i>very good</i>
2. Appropriate for Rewards	<i>fair</i>	<i>good</i>	<i>good</i>	<i>good</i>	<i>good</i>
3. Accuracy, Validity	<i>poor</i>	<i>fair</i>	<i>good</i>	<i>good</i>	<i>very good</i>



360 degree feedback



Traditional Performance Management Process



Problem With the Current Performance Management Process...

- Bias in Rating
- Surprise element between managers and employees
- Ranking employees and fitting them in predefined bell curve is a de-motivator
- Too much paper work and time gets wasted on filling forms, normalizing etc., with no real “Performance” benefits
- Performance reviews have become more like an annual ritual.. A check mark that it has been completed. Performance cannot be driven by just giving feedback once a year



Problem With the Current Performance Management Process... (contd)

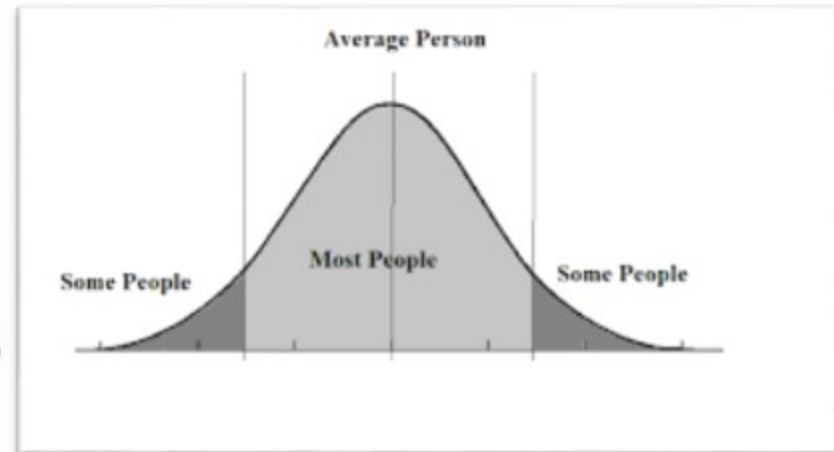
In a survey that was conducted by Deloitte, more than half the executives questioned (58%) believe that their current performance management approach drives neither employee engagement nor high performance



Transition to newer systems...

What is getting abolished?

- Forced / Stacked Ranking of employees into a bell curve
- Annual Performance Reviews
- Ratings
- Why are people moving away from bell curve?



Normal distribution equally distributes people above and below average
And a small number of people fall at the extremes - two standard deviations.

New Performance Management Practices

- Performance Management is not abolished – but organizations are embracing newer and better ways of managing performance
- Today's workforce desires authentic relationships between employees and managers, as well as opportunities for employee development and advancement
- On analysis of the changes made by these companies, the following key areas of focus emerge:
 - Continuous Performance Management systems
 - Employee Experience
 - People Analytics
 - Individualized Employee Support
 - Learning And Employee Development



New Performance Management Practices (contd)

- Continuous Performance Management systems
 - Continuous performance management software will make it easier for managers and employees to collaboratively map out career trajectories, and to provide the coaching and mentoring that people need to become their best selves
 - The focus is on setting goals that are aligned with the organization and have clear deadlines and milestones
 - Achieve better alignment through a series of conversations, check-ins and progress updates between managers and employees.



New Performance Management Practices (contd)

- Employee Experience
 - Employee experience involves a more holistic approach that follows the entire employee journey,
 - Employee experience aims to provide positive touch points in work culture, technology, and physical environment
 - Equipping people to meet their goals, implementing effective employee training and development strategies, and helping them to feel more passionate and creative about their work
 - Organizations will design the employee experience around data on how people work, make decisions, and organize their day



New Performance Management Practices (contd)

- People Analytics
 - People analytics will no longer be a nice-to-have part of the HR performance management toolkit, but will be an indispensable aspect of running a business
 - Companies to treat employee-related data just as important or more important than customer data
 - As companies can collect data on turnover, performance rating, team interaction, wellbeing, and employee feedback, managers can make more informed decisions and improve the employee experience



New Performance Management Practices (contd)

- Individualized Employee Support
 - A one-size-fits-all management approach can't bring out the best in employees because every employee is different
 - Workforces are more diverse than ever, with teams consisting of people from various generations, backgrounds, cultures and locations—with the increasing prevalence of remote work arrangements
 - managers will change their management strategy to take a personalized approach to motivating individuals to help them meet their performance goals, which in turn will boosts team performance

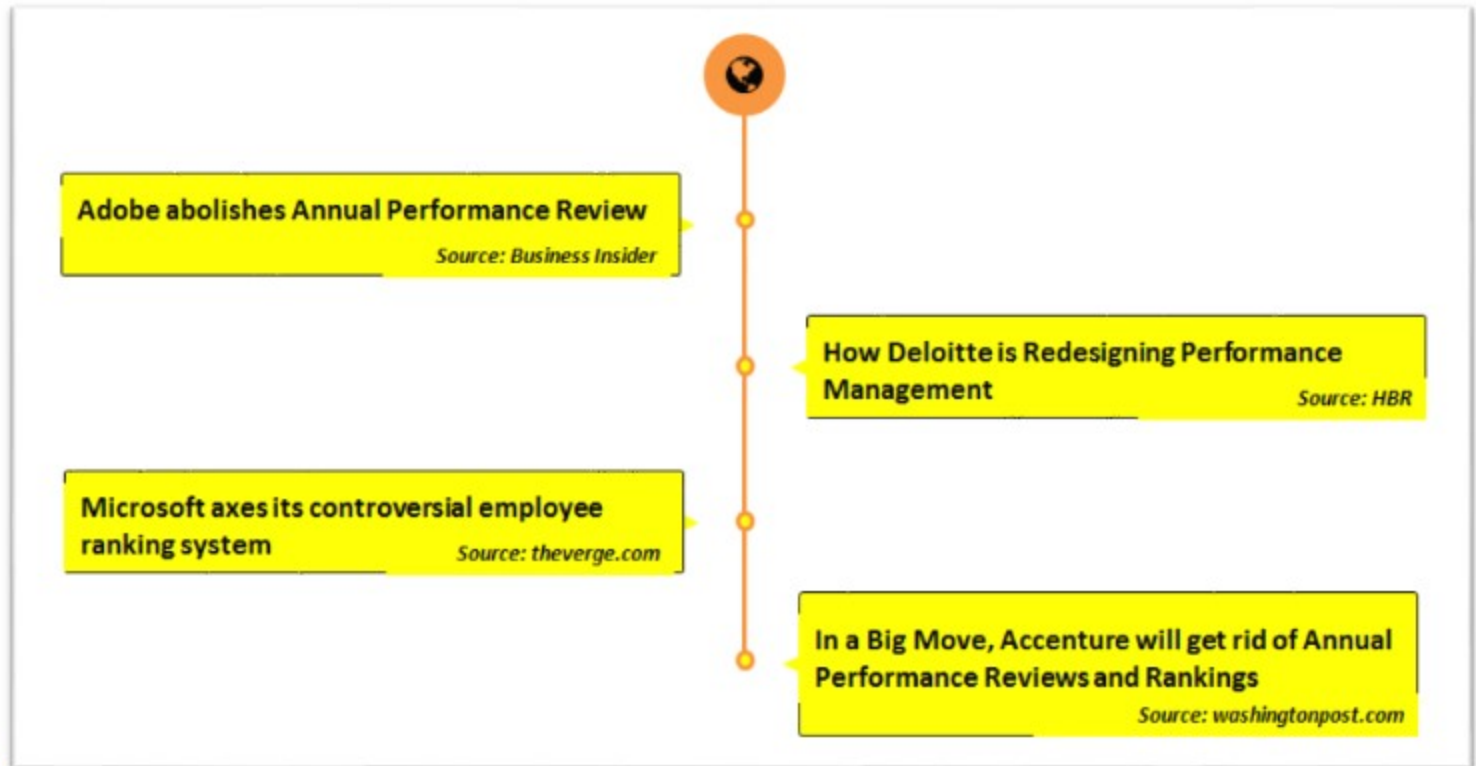


New Performance Management Practices (contd)











- Learning And Employee Development
 - companies providing more employee training and development opportunities
 - Organizations are moving toward micro-learning, which are short, informal, self-directed and mobile-optimized content on single topics. These can be brief videos, webinars, podcasts, or even games that provide learning materials in an easy-to-absorb format



Latest News on Performance Management



Latest News on Performance Management

Old way		VS	New way	
Review-centric				Goal-centric
Annual				Ongoing Conversations
Hierarchical				Networked Feedback
Rear-facing				Forward-looking
Time-consuming				Effortless Evaluations



Towards A More Effective Performance Management System

SUCCESS =

Sensitivity
+
Reliability
+
Acceptability
+
Practicality

