

Human Resource Management

Chapter 8

Measuring Performance and Providing Feedback

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LEARNING OBJECTIVES

- After reading this chapter you should be able to:
 - Describe how merit-based and parity-based performance management systems relate to overall HR and competitive strategy.
 - Describe the three dimensions of job performance.
 - Explain differences among and common problems with various types of performance measures.
 - Explain the value of using multiple sources to obtain performance appraisal ratings.
 - Describe effective methods for providing feedback to employees.

CAN PERFORMANCE MANAGEMENT MAKE AN ORGANIZATION EFFECTIVE?

- **What is Performance management?**

- It is the process of measuring and providing feedback about employee contributions to the organization.
- Studies have found that measuring performance and providing feedback does indeed improve employee performance.
- This improvement translates into better organizational performance.

Strategic Performance Management

- Organizations tend to follow one of two approaches in measuring performance.
 - Merit-Based Systems – process of recognizing and rewarding high performance.
 - Some Merit-Based Systems use the **forced distribution method**. Which means certain percentage of employee will receive the highest rating, a majority will be ranked in the middle, and a few will receive the lowest.
Examples: Exceed Standards, Meets Standards, Does Not Meet Standards.

Strategic Performance Management

- **Parity-Based Systems** – encourage cooperation and allow everyone who meets a certain standard to be classified as a high performer.
 - Parity-based performance measures frequently focus on processes rather than outcomes.
 - High performance is defined as following guidelines and performing behaviors assigned by supervisors.
 - When employees are compare to established benchmarks rather than with each other it is called **absolute measures**.

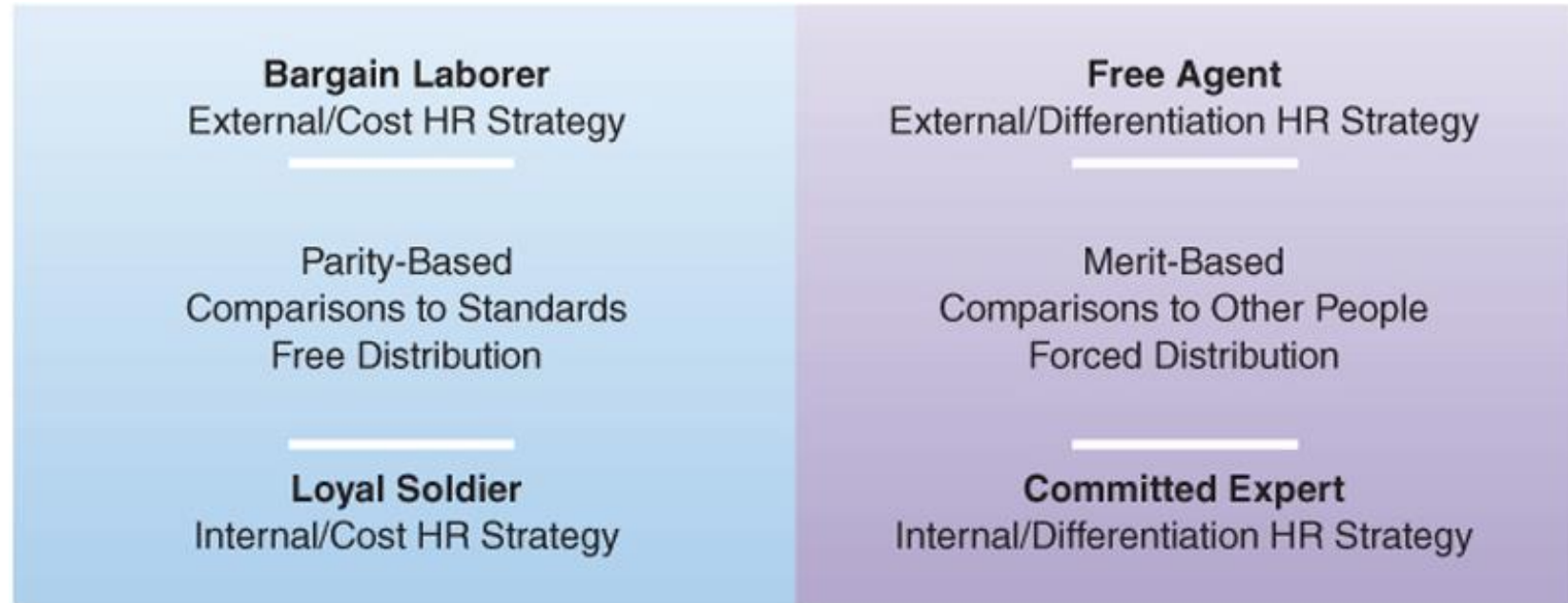
Aligning Performance Management to HR Strategy

- The merit-based approach is most beneficial for organizations pursuing a Free Agent HR strategy.
- The production of exceptional products and services is the key to success and is best accomplished by employees who are stretching to accomplish high goals.

Aligning Performance Management to HR Strategy

- For organizations using a Loyal Soldier HR strategy, success comes from cooperative employees who work with maximum efficiency.
- The contribution of an exceptional performer is often no more beneficial than the contribution of others who simply do what they are asked.

Figure 8.1 Strategic Framework for Performance Management.

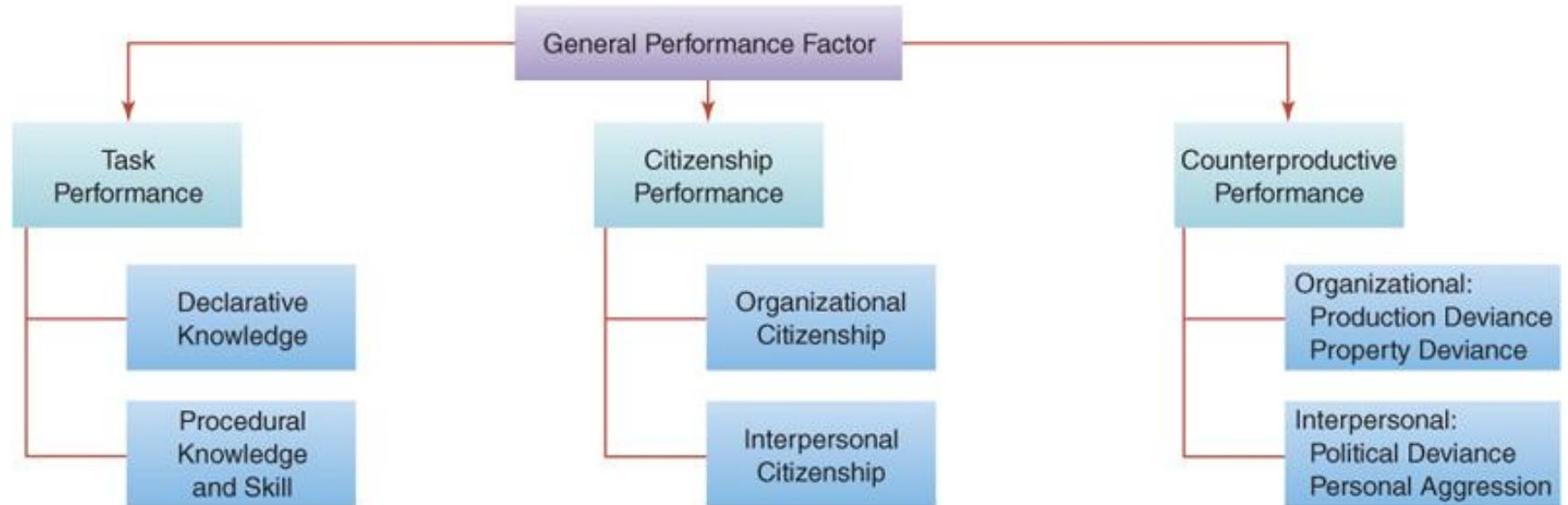


Source: Stewart, G.L., & Brown K.G., 2nd Edition (2015). *Human Resource Management Linking Strategy to Practice*. pp 296

WHAT IS PERFORMANCE?

- **Job performance** represents the contribution that individuals make to the organization that employs them.

Figure 8.2 Elements of Job Performance.



Source: Stewart, G.L., & Brown K.G., 2nd Edition (2015). *Human Resource Management Linking Strategy to Practice*. pp 298

Task Performance

- **Task performance** occurs when employees perform actions that transform raw materials into goods and services.
- It is the most obvious form of contribution to an organization.
- Employees make significant contributions to the organization's success when they have appropriate knowledge, skill, and motivation.

Citizenship Performance

- Citizenship behavior contributes by building a positive organizational environment.
- Employees are good citizens when they willingly go beyond minimum expectations to cooperate and help others.
 - Examples of citizenship behavior include volunteering to take on tasks that are not part of one's job, following organizational procedures even when it is not convenient, and supporting and defending the organization.

Counterproductive Performance

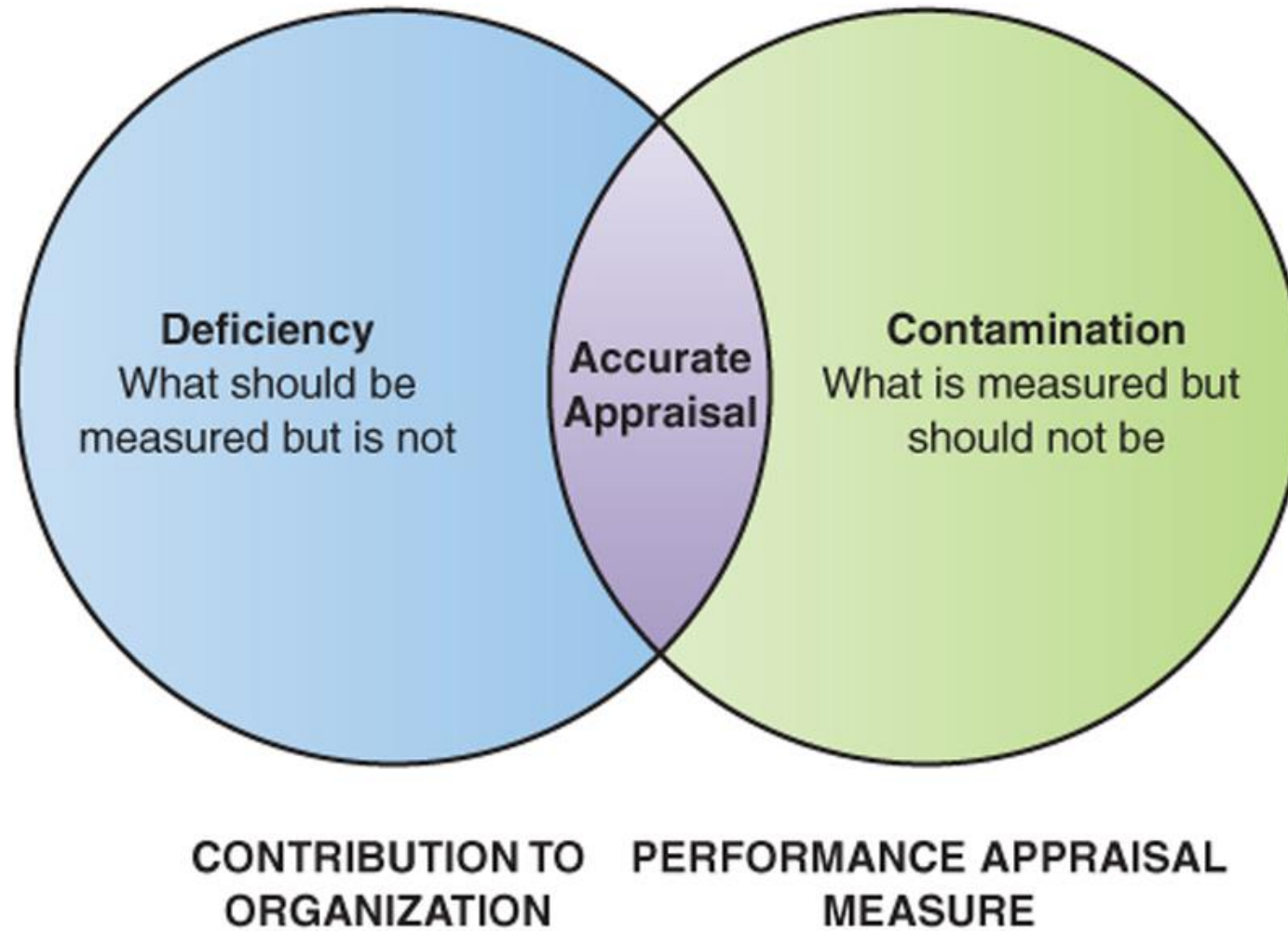
- This is behavior that is harmful to the organization.
- Counterproductive Behavior can be aimed at the organization or individuals.
 - Counterproductive Organizational Behavior:
 - **Production deviance** occurs when employees do things that reduce the speed and accuracy with which goods and services are produced. Example: taking unauthorized breaks.
 - **Property deviance** includes actions that destroy the assets of an organization. Employees who do this sabotage equipment, misuse expense accounts, or steal materials and products.

Counterproductive Performance

- Counterproductive Individual Behavior
 - **Political deviance** occurs when an employee does things that put other employees at a disadvantage. Examples include showing favoritism, gossiping about coworkers, and competing with others in non-beneficial ways.
 - **Personal aggression** is harmful employee actions that seek to personally harm coworkers. Examples: violence and sexual harassment.

HOW IS PERFORMANCE MEASURED?

- The process of measuring what each employee contributes, called **performance appraisal**.



Source: Stewart, G.L., & Brown K.G., 2nd Edition (2015). *Human Resource Management Linking Strategy to Practice*. pp 302

Different Types of Performance Measures

- There are two types of measures:
 - **Objective Measures**
 - Which are numerical and based on counts of either behavior or outcomes.
 - **Subjective Measures**
 - Which are based on judgments from raters.

Common Problems

- **Common Problems with Performance Measures.**
 - Rater Errors
 - Rating errors occur when raters provide assessments that follow an undesirable pattern or when the rater does not properly account for factors that might influence assessments
 - A common error is **central tendency error**, which is the pattern of placing almost everyone in the middle of the scale.

Situational Influences

Table 8.1

Situational Factors Influencing Performance

1. Job-Related Information—Rules, Policies, Informal Procedures
2. Tools and Equipment—Machinery and Instruments
3. Materials and Supplies—Ingredients and Components
4. Budgetary Support—Financial Resources
5. Required Services and Help from Others
6. Task Preparation—Education and Training from Organization
7. Time Availability—Interruptions and Alternative Obligations
8. Work Environment—Noise, Temperature, Space, Lighting

Source: Information from Lawrence H. Peters and Edward J. O'Connor, "Situational Constraints and Work Outcomes: The Influences of a Frequently Overlooked Construct," *Academy of Management Review* 5 (1980): 391–397.

Common Problems

- Another error occurs when a rater unintentionally compares people with one another.
 - This is called **contrast error**.
- **General Impression Errors**
 - Over an extended period, the rater observes a number of different behaviors and forms an overall judgment of the contribution of the employee.
 - This is called **Halo Error**.

Common Problems

- Yet another type of error is **recency error**.
 - Which arises when raters place too much emphasis on recent behaviors and outcomes.
- **The opposite is primacy error**
 - **This** occurs when a rater places too much emphasis on the behavior that is first observed.

Different Types of Performance Appraisals

- Organizations that use **narrative ratings** ask supervisors or other raters to simply provide a written description of performance.
 - However, without consistent measurement it may be difficult to determine which employees are high and low performers.

Different Types of Performance Appraisals











- **Graphic Rating Scale**

- Raters are asked to provide a numerical rating for a number of different dimensions of work performance.
- Common dimensions of performance include such things as quality of output, quantity of output, cooperation with others, and skill development.
- An example of a graphic rating scale is shown in Figure 8.4.

Figure 8.4 Graphic Rating Scale.

Directions: Please circle the number that you feel best describes this worker's performance for each work dimension.

Worker's Name _____

		Unsatisfactory	Marginal	Satisfactory	Good	Outstanding	
Quality of Work Performed		1	2	3	4	5	
Quantity of Work Performed		1	2	3	4	5	
Timeliness of Completing Work		1	2	3	4	5	
Cooperation with Others		1	2	3	4	5	
Innovation and Creativity		1	2	3	4	5	

Source: Stewart, G.L., & Brown K.G., 2nd Edition (2015). *Human Resource Management Linking Strategy to Practice*. pp 310

Different Types of Performance Appraisals

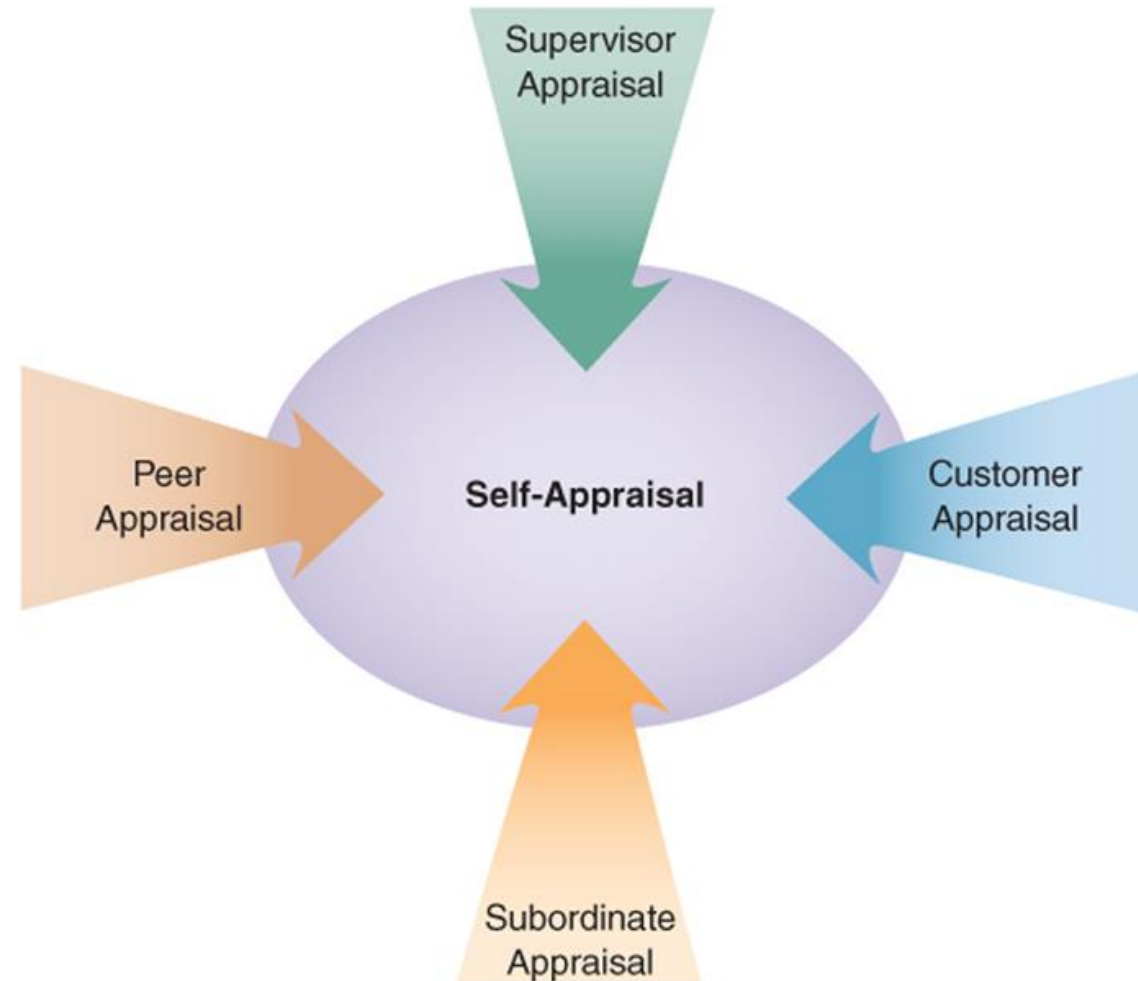
- **Forced ranking**, occurs when a rater is required to rank all employees.
 - Such as an office manager being asked to rank the office's five secretaries in order from highest performer to lowest performer.
- The forced ranking technique eliminates central tendency error and provides guidance for organizations in giving promotions and pay raises to top performers.

WHO SHOULD MEASURE PERFORMANCE?

- Performance Appraisal is generally done by the individual in the organization who is closest to observing the employee's performance.
 - This is usually the employee's immediate supervisor or manager.

Figure 8.5 360-Degree Performance Appraisal.

This is an example of multisource performance ratings.



Multisource Performance Rating

- **Multisource performance ratings** seek to evaluate performance by obtaining information from multiple raters who have different perspectives.
 - Ratings are obtained not only from supervisors but also from coworkers, peers, customers/suppliers and the employee.
- The multiple ratings give a more complete picture of performance and usually also provide better guidance about what the employee can do to improve.

Providing Feedback

- After measuring performance, the employee must now receive feedback on their performance.
 - Feedback has been shown to have a positive influence on performance. It lets the employee know how they are doing and areas where improvement can take place.

Appraisal Interviews

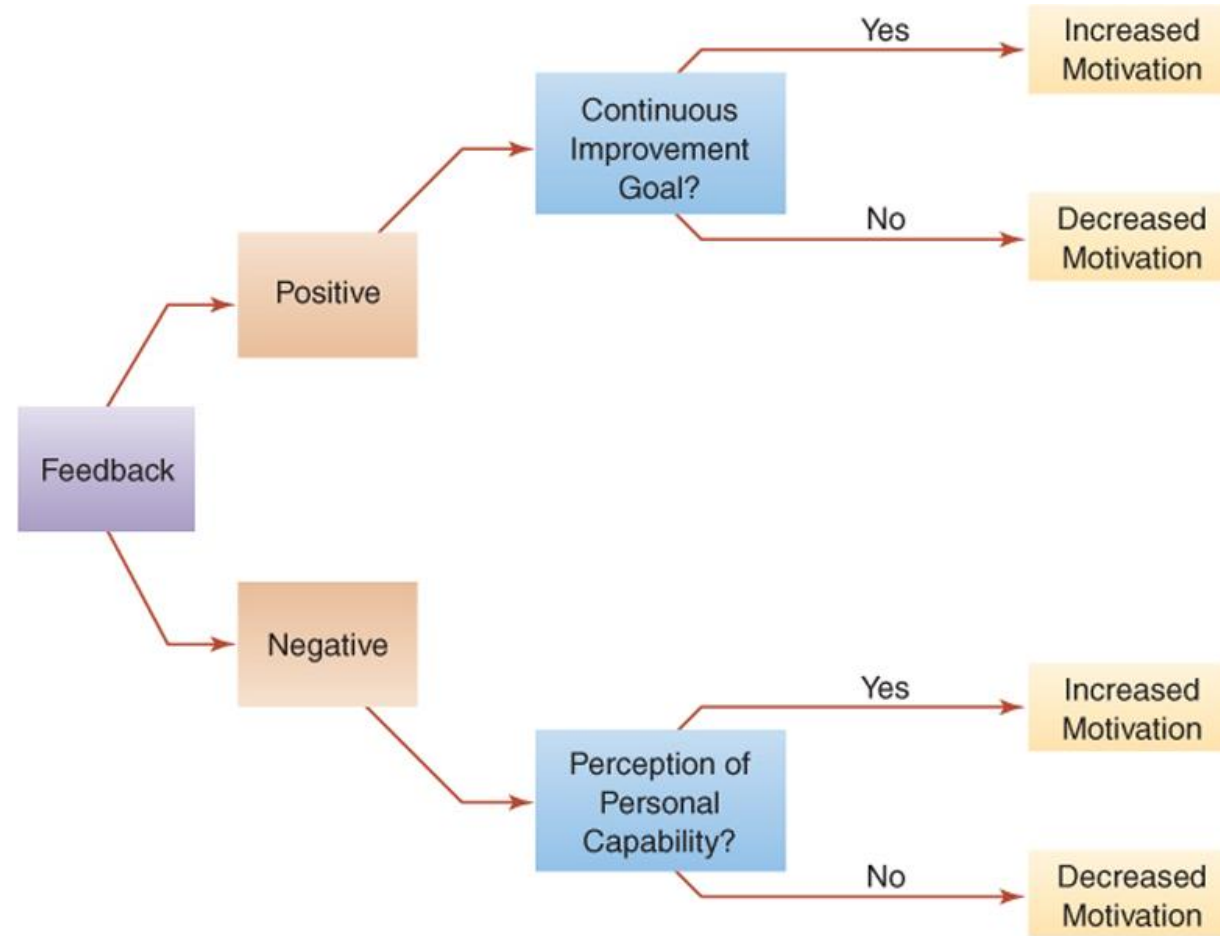
Table 8.2

Conducting Appraisal Interviews

1. Place the employee at ease with small talk.
2. Allow the employee to share his or her perspective before you share yours.
3. Be positive and use action-oriented behavioral terms.
4. Use specific and measurable expressions.
5. Avoid comparing the employee to yourself or others.
6. Balance negatives with positives; start with a positive.
7. Spend time planning for improvement.

Source: Information from David Javitch, "Appraising Employee Performance," *Management Services* 50, no. 3 (2006): 19–20.

Figure 8.6 Effects of Positive and Negative Feedback.



Source: Information from Avraham N. Kluger and Angelo DeNisi, "The Effects of Feedback Interventions on Performance: A Historical Review, A Meta-Analysis, and a Preliminary Feedback Intervention Theory," *Psychological Bulletin* 119(1996): 254–284.

Giving Feedback

Table 8.3

Giving Employee Feedback

1. Focus comments on the task rather than the person.
2. Combine feedback with goals for improvement.
3. Describe behaviors in an unemotional manner.
4. Focus on what is observed rather than underlying causes.
5. Remain nonjudgmental.
6. Provide clear examples to support points.

Source: Stewart, G.L., & Brown K.G., 2nd Edition (2015). Human Resource Management Linking Strategy to Practice. pp 319

Pygmalion effect

- This occurs when leaders perceive their employees as having an exceptional ability and communicate greater confidence in them or have high expectations of their skills and abilities.
- This results in the employees' raising their level of performance.

Thank you