



# UNIT-6

## Managing Performance & Appraisals

Staff Training Solutions

### Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Discuss goals and objectives of performance appraisal
- ✓ Understand the performance appraisal process
- ✓ Identify different performance appraisal methods

## Unit 5

### Managing Performance & Appraisals

#### What is Performance Management?

What is performance? Performance in business relates to various levels of productivity. Employees are deemed to be performing well when they are productive. Productivity is reached when an employee is concerned with effectiveness and efficiency. In this case, effectiveness refers to goal accomplishment but doesn't take into account the costs incurred in reaching the goal. That is where efficiency comes in. Efficiency considers the ratio of inputs consumed to outputs achieved. The greater the output for a given input, the greater the efficiency.

It is not necessary to have objective measures of productivity such as hard data on effectiveness, number of units produced, or percentage of crimes solved etc., or hard data on efficiency (the average cost per unit or ratio of sales volume to number of calls made, for example). As well as measuring productivity in terms of effectiveness and efficiency, performance also involves personnel data, such as number of accidents, turnover, absences, and tardiness. A good employee is one who is productive and who minimises problems for the organisation by coming to work on time, not missing days, and reducing the number of work-related accidents.

#### What is Appraisal?

An appraisal is an assessment or judgement of people's characteristics and/or performances. In business, this is usually referred to as performance appraisal. Based on the evaluation of the work and the employee's character, the 'worth' of the employee can be identified. Anything positive and negative, i.e., their strengths and weaknesses, can be evaluated. This is useful not only for management but also for the individual employees because it gives them an idea of their position within the organisation.

Appraisals are vital for administrative decision-makers with regard to selection, salaries, training, promotion, and transfers, etc. Performance appraisal is extremely useful for identifying employees who are performing well or poorly, and the reasons why.

#### Goals of Performance Appraisal

Performance appraisals are an essential component of organisational and employee evaluations. They are not simply a checklist of dos and don'ts. From the company's perspective, these appraisals identify where productive and efficient work is being done, and whether the work helps to meet objectives, both of the organisation and of individual departments. Each employee must ensure that his or her

performance supports their supervisor's performance objectives. This should then continue upwards through all levels of the company, the ultimate level being the achievement of the corporate strategic goals.

Clear communication of work expectations is necessary to ensure that employees are able to perform their functions properly. If employees know exactly what is expected of them and have clear direction, they are better able to cope with stress. Correctly designed performance appraisals also assist in employees' personal development.

In order to design effective performance appraisals, four criteria need to be implemented:

- a) Employees must be involved in the evaluation and development process.
- b) Supervisors need to perform appraisals with a constructive and helpful attitude.
- c) Realistic goals must be mutually set.
- d) Supervisors must have clear knowledge and understanding of the employee's job and performance.

## Objectives of Performance Appraisal

Specific objectives of performance appraisal include:

- a) Reviewing past performance
- b) Assessing training needs
- c) Helping individuals develop
- d) Auditing skills within the organisation
- e) Setting targets for future performance
- f) Identifying potential for promotion.

Some employees view performance appraisals as an attempt by the organisation to apportion blame and to provide a foundation for disciplinary action. In the face of such attitudes, even a well-planned performance appraisal will probably fail. It is imperative that appraisals have very specific objectives. These should be clear *and* relate to the organisation's overall strategy. They must always be seen as fair and must not create any cause for conflict. In this way, the appraisal system will be more likely to highlight any areas that need improvement, a change of direction, and further opportunities.

## The Performance Appraisal Process

The appraisal process goes like this:

- 1) Appraisal starts by setting performance standards. These should have developed from job analysis and job description. The standards for performance must be clear and objective enough to be understood and measured. Standards are sometimes written as phrases like "full day's work" or

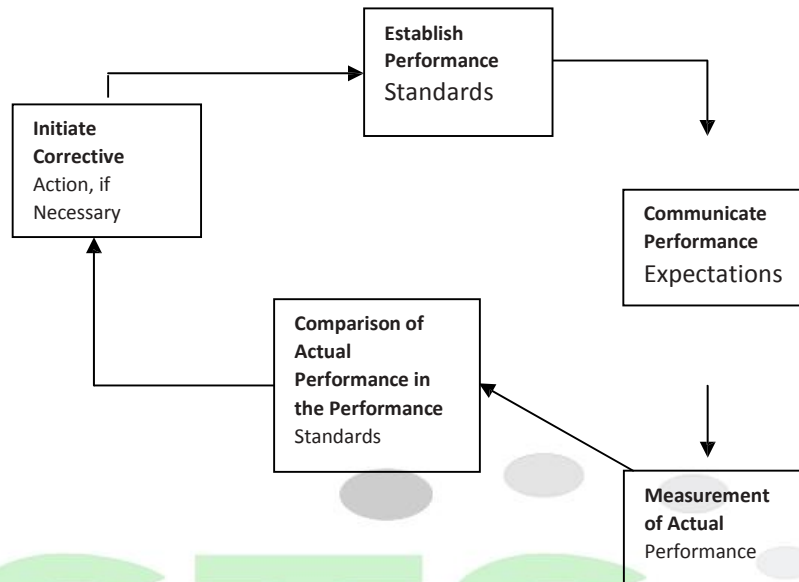
“a good job.” These are quite vague and don’t really express anything specific. The expectations



managers have of their subordinates in terms of work performance must be detailed and clear in their minds to enable managers, at some later date, to communicate these expectations to their employees and assess their performances against these already established standards.

- 2) The expectations should be communicated clearly after the performance standards are established. The employees can't simply guess what is expected of them but, unfortunately, many jobs have ambiguous (unclear) performance standards. The problem becomes worse if the standards are not communicated to the employees. Communication, however, is a two-way process. A manager simply transferring information to subordinates is not necessarily communication. The information conveyed must be received and understood as well. To ensure this, it is necessary to have feedback. This will clearly indicate whether the information from manager to employee has been received and understood.
- 3) The third step in an appraisal process is the measurement of performance. One must obtain information about a particular performance to determine its exact nature. It is important to know what you are measuring and how you are going to measure it. There are four main sources of information that managers use to measure performance: observation, statistical reports, verbal reports, and written reports. A combination of all of these sources will produce a more accurate measure. Rather than *how* something is measured, it is *what* is measured that is really important. If the wrong criteria are chosen as a measure, serious dysfunctional consequences could result. The criteria that are used to measure must represent performance, as mentioned in the first two steps of the appraisal process.
- 4) The fourth step is to compare performance with standards. This step is necessary to identify any deviations between the standard performance and the actual performance of the employee. Presenting an accurate appraisal and persuading the employee to accept the appraisal in a positive manner can be a challenge for a manager. This is extremely important because if the appraisal is viewed in a negative way the employee's self-esteem may suffer a blow and his/her future performance may be impacted. This is why it is critical to ensure that both positive and negative feedback is delivered in a constructive way. Motivation will then usually remain at a good level.
- 5) Finally, organisations must have a process of corrective action whenever needed. This can be done in two ways: a) immediate action that deals with the symptoms and immediate problems; b) identifying the causes. In the latter step, the issues or problems identified are adjusted permanently. Immediate action seeks to make corrections straightaway to get productivity back on track. Identification of the causes, which is a more basic action, must be undertaken to discover how and why performance digressed in the first place and what can be done to ensure it doesn't happen again.

Figure 5.1 below summarises the performance process.



## Benefits of Performance Appraisal

The benefits of performance appraisal can be classified in three ways: for the organisation, for the appraiser, for the person being appraised.

### 1) For the Organisation:

- a) Improved organisational performance because the organisation's objectives and values have been effectively communicated. More cohesiveness, loyalty, and improved relationships between management and staff will also ensue.
- b) Employees perform tasks better and more efficiently.
- c) Identification and ideas for improvement.
- d) Long-term expectations can be developed.
- e) Identification of training and development needs.
- f) Creation of a culture that seeks to continually improve and succeed.
- g) Identification of employees with potential and career development plans made for future staff requirements.

### 2) For the appraiser:

- a) Development of an overview of individual jobs and departments.
- b) Ability to come up with ideas for improvement.
- c) The linking of team and individual goals and targets to departmental and organisational goals.

- d) The clarification of management's expectations of teams and individuals.
- e) Re-prioritising targets.
- f) A chance to form a more productive relationship with staff and to attain mutual trust and understanding.

**3) For the person being appraised:**

- a) Improved motivation.
- b) Improved job satisfaction.
- c) A boosted feeling of personal value.

## Performance Appraisal Methods

How does a company, specifically managers, establish performance standards and come up with effective ways of measuring and assessing employee performance? There are several ways to assess employee performance, including the following:

### 1) Critical Incident Method

With this method, the manager, or person assessing, focuses on critical or key employee behaviours that will decide whether the job is being done effectively or not. The assessor will note what the employee does that is especially effective or ineffective. In this way, the behaviour itself is actually reviewed, rather than obscure personality traits; this is more valid because it is more specifically related to the job. If the assessor concludes that the employee is 'aggressive' or 'relaxed', for example, this does not express how the job is actually being done.

The focus should be on behaviours which are critical to working effectively and judging performance. Citing many different behaviour patterns displayed by the employee is helpful because it enables the employee to be shown which of his/her behaviours are desirable and which need improvement. There are, however, some negative aspects of this: a) Supervisors tend to be reluctant to write reports daily or even weekly for every one of their subordinates because it is time-consuming and burdensome for them; b) critical incidents are not easy to measure; hence, the comparing and ranking of subordinates is difficult.

### 2) Checklist

The checklist must contain descriptions of types of behaviour and those demonstrated by the employee. The assessor simply ticks 'yes' or 'no' on the list. When this is finished, the personnel department will usually give a rating. Thus, the assessor doesn't evaluate performance; he/she simply records it and the personnel department does the rest. The HR analyst will actually rate and

score the employees, ranking them in order of importance. When this is done, the manager or HR person will discuss the results with the employee and provide feedback.

### 3) Graphic Rating Scale

Using a graph as a rating scale is one of the oldest ways of assessing employees. Graphs can be designed to assess quantity and quality of work, co-operation, loyalty, reliability, honesty, attitude, and attendance. It is, however, difficult to rate things such as loyalty and integrity unless they are carefully defined as behavioural terms. Using this method, the assessor will go through the list and mark what best describes the employee. Usually there will be 5 to 10 points on the graph. It is important that the graph be designed in such a way as to avoid any bias.

There are certain advantages to this method:

- a) It is less time-consuming to develop and administer.
- b) It allows quantitative analysis.
- c) There is more standardisation on the checklist, making it possible to compare many different individuals in different job categories.

### 4) Forced Choice Method

This method uses a special kind of checklist on which the assessor chooses between two (or more) statements that describe the employee in favourable or unfavourable terms. The assessor must choose which statement is more (or less) descriptive of the person being evaluated. The assessor doesn't know how the checklist will be rated; that is the job of personnel. This method eliminates bias on the assessor's part. The advantages of the forced choice method include:

- a) Reduced chance of bias because the assessor does not know the "right" answers.
- b) It assesses overall performance.
- c) It is based on employee behaviour.

### 5) Behaviourally-Anchored Rating Scales

These scales are a mix of major elements from the critical incident and graphic rating scale methods. The assessor must rate the employees based on certain points along a continuum. The points are examples of employees' behaviour on the given job rather than general descriptions or traits. Behaviourally-anchored rating scales identify certain observable and measurable types of job behaviour. Examples of job-related behaviours and performance aspects can be identified by asking participants to give clear examples of effective and ineffective behaviour regarding each performance aspect.

The behavioural examples are then interpreted into appropriate performance dimensions. Those that are put into the dimension for which they were generated are retained. The last group of

behaviour examples are then put into a numerical scale to a level of performance that each is



seen to represent. The examples that are viewed as having a high agreement on performance effectiveness by the assessor are kept and used as anchors on the performance dimension.

The above results are a behavioural description of how the employee anticipates, plans, performs, resolves immediate problems, carries out orders, and manages emergency situations.

This method has several advantages, such as the following:

- a) It tends to reduce rating errors.
- b) It assesses behaviour rather than traits.
- c) It makes it clear to the employee and the assessor which behaviours show good performance and which show bad performance.

## 6) Group Order Ranking

Group order ranking involves rating employees and placing them in categories (or classifications) such as 'top one fifth' or 'second one fifth.' The employees are ranked in the top 5%, the next 5% and the next 15% by the assessors. Since this is the case, it is necessary for assessors to ensure the numbers are accurate.

For example, if 20 employees are being ranked, only four can be in the top fifth and in the next fifth, etc. This system works well because the assessors can't make everyone look good by inflating the numbers. It does, however, have certain disadvantages:

- a) It doesn't tend to work well with a small number of employees. If, for example, the assessor is rating only four employees, they may all be excellent and the assessor may be forced to rank them into top quarter, second quarter, third quarter, and lowest quarter. This would not necessarily show accuracy.
- b) The "zero-sum game" consideration. This means any change has to add up to zero. Thus, if there are 12 employees in a department working at different levels of effectiveness, only three can be in the top quarter, three in the second quarter, and so forth. The sixth-best employee, for instance, would be in the second quarter. However, if two employees in the third or fourth quarters leave the department and are not replaced, the sixth-best employee will be moved to the third quarter.
- c) Comparisons are relative; thus, an employee who is average in his/her performance may score highly only because he or she is the 'best of the worst.' An excellent performer might be matched against exceptional competition and may be assessed as poor even though, in terms of his/her performance, the employee is outstanding.

## 7) Individual Ranking

This is a simpler method of ranking in which the assessor simply has to list all employees in

order from highest to lowest. Thus, only one can be ranked number one or the best. If the



assessor ranks thirty employees, this ranking method has the same advantages and disadvantages as group order ranking.

### 8) Paired Comparison

Paired comparison is a way of comparing each employee and job with another employee and job. It is a way of comparing people in groups of two and making a judgement on which one in the pair is preferred or has more qualities that are required for the job. Paired comparison is a good way of assessing the importance of different courses of action. It is particularly useful when there are priorities that compete in importance.

It grades each individual in relation to all the other employees. For example, if ten people are being graded, the first person is compared with each of the other nine; then the number of items on which this employee is preferred in any of the nine pairs is charted. The other nine employees are then compared in the same way, and they are all assessed by the biggest number of preferred aspects. This method means that each employee is compared against all the others; however, if large numbers of people are being compared it can become unmanageable.

### 9) Management by Objectives

MBO is a procedure that adapts organisational objectives into individual objectives. It is a four-step process: goal-setting, action-planning, self-control, and periodic reviews.

- a) The company's objectives should be used as guidelines when setting goals for departments and individuals. When dealing with the individual employee's goals, the manager and the employee together identify the goals that are necessary for the employee to fulfil his/her job requirements as determined in the job analysis. The agreed goals will become the standards by which the employee will be assessed.
- b) Action-planning seeks to determine the way of achieving the established goals that have been set. Plans are developed to help the employee reach the objectives. Hence, it is necessary in this step to identify the activities and resources required to successfully complete every activity.
- c) Self-control is ideally about the individual employee monitoring and measuring his/her own performance. The concept of MBO assumes that individuals can be responsible and exercise self-direction without threats of punishment or any outside control being necessary.
- d) Periodic progress reviews initiate corrective action when behaviour differs from the standards in the goal-setting phase. Again, MBO philosophy means the manager-subordinate reviews are carried out in a constructive, rather than punitive, way. Reviews are intended to help individuals' future performance, not to shame the individual. These

reviews should ideally take place two or three times a year.



The advantages of MBO are as follows:

- a) It is result-oriented. It aids the planning and control functions and provides motivation.
- b) Employees know what is expected of them and how they will be assessed.
- c) Employees have more commitment to goals that they have participated in developing than to those that have been set by their bosses.

## 10) 360-Degree Appraisal

The “360-degree appraisal” is also known as multi-rater feedback, multisource feedback, full-circle appraisal, and group performance review. It involves a process of gathering perceptions about an employee’s behaviour and the impact of that behaviour. The perceptions should come from the boss, direct reports, colleagues, fellow members of project teams, and internal and external customers and suppliers.

360-degree feedback is a way of giving each employee the opportunity to receive performance feedback from his/her supervisors and four to eight peers, subordinates and customers. It allows each employee to understand how his/her effectiveness as an employee, co-worker or staff member is seen by others. The most effective way is to give feedback based on behaviours that other employees can see. The feedback gives an insight into the skills and behaviour needed to accomplish the mission, vision, goals and values of the organisation. The feedback is firmly rooted in the behaviours required to exceed customer expectations. It is those who are in close contact with the employee on a regular basis who are chosen to be assessors and give feedback. The purpose of the feedback is to:

- help each employee understand his/her strengths and weaknesses;
- contribute an understanding of any aspects of his/her work that need professional development.

The major considerations in using 360-degree feedback are concerned with how to:

- a) choose the feedback tool and process
- b) choose the raters/assessors
- c) use the feedback
- d) review the feedback
- e) manage and incorporate the process into a larger performance management system.

## Features of 360-degree appraisal

Companies that use the 360-degree appraisal system have found a number of positive aspects. These aspects are evident in a well-managed and well-integrated 360-degree process.

- a) **Improved feedback from more sources:** It offers comprehensive feedback from peers, reporting staff and managers/supervisors. It is usually better than feedback from only one source or person. It also helps managers save time because other people participate in obtaining the feedback as well, and it isn't solely the manager's responsibility. It is important to obtain feedback from co-workers as this helps employees understand how other workers view their work.
- b) **Team Development:** This is a way of helping team members work together more effectively. Team members will know more about each other than anyone else in the company. Using multiple people to make assessments ensures that team members become more accountable to one another. They understand that they will all give feedback on each other's performances. If this process is well-planned, it can improve communication and team development as well.
- c) **Personal and Organisational Performance Development:** 360-degree feedback is considered one of the best ways of understanding personal and organisational development needs.
- d) **Responsibility for Career Development:** Companies are not entirely responsible for developing employees' careers. Because of this, multiple-assessor feedback is a great way of giving information to others on how they might improve their careers. Many employees feel that this 360-degree feedback process is accurate and more reflective of their work performances. As such, the information provided is more useful for employees' careers and personal development.
- e) **Reduced Discrimination Risk:** Reducing discrimination is important, and when feedback is given from many different sources discrimination is reduced.
- f) **Improved Customer Services:** The feedback received enables employees to provide a higher quality of products or services. It helps individual employees improve the quality, reliability and promptness of services or products to their customers.
- g) **Training Needs Assessment:** Multi-rated feedback gives wide-ranging information about organisation training needs. It thereby helps create suitable training programmes which add value to the contribution made by the individual employees.

## Benefits of a 360-degree appraisal:

### **To the individual:**

- a) It helps individuals understand how others perceive them.
- b) It exposes blind spots.
- c) It offers feedback that is necessary for learning.
- d) Individuals are better able to manage their own performances and careers.
- e) Quantifiable data on soft skills are made available.

**To the team:**

- a) It improves communication between team members.
- b) It achieves higher levels of trust and better communication as individuals recognise the causes of breakdowns.
- c) It creates better team environments because people learn how to treat others and how they want to be treated.
- d) It promotes teamwork by involving team members in the development process.
- e) It increases team effectiveness.

**To the organisation:**

- a) It strengthens corporate culture, openness and trust.
- b) It offers better opportunities for employee career development.
- c) Employees are able to grow in their jobs and have promotional opportunities.
- d) It improves customer service by allowing customers to contribute to the evaluation.
- e) It assists in determining the conduct of relevant training programmes.

**Performance Counselling**

The main aims of performance counselling are to help employees conquer their weaknesses and reinforce their strengths. In this sense it is a developmental process where the supervisor and employee discuss the past performance with the intention of helping the employee improve and become more effective in the future. Appraisal reports serve as catalysts for discussion. One of the resultant effects of this interaction between the two parties is the ability to identify training needs. Counselling provides an opportunity for the supervisor to give feedback to the employee on his/her performance and performance-related behaviour. Feedback can be an effective tool if:

- a) There is a discussion of both the positive as well as the negative.
- b) A descriptive explanation can be communicated when giving feedback about employee performance rather than it being an evaluative explanation. It should be backed by the facts and not based on opinion.
- c) It focuses on the employee's behaviour and not on the employee as an individual.
- d) It is not delayed but, rather, provided within an appropriate timeframe. Delayed feedback is neither helpful nor effective as it might be seen as criticism, and this could adversely affect the relationship. The longer the time that passes, the more details are forgotten, and recall may be affected by distortions. Certain conditions have been identified for effective counselling. The following are some of the more important ones:
  - A climate of openness and trust is necessary. When people are anxious or perhaps even hostile, the focus should be on proper counselling and help rather than criticism.

- The counsellor should be sensitive and helpful rather than being critical and trying to find fault.
- The employee should feel sufficiently comfortable to be able to participate without any hesitation or reserve.
- The emphasis should be on work-related problems and difficulties rather than personality or likes, dislikes and mannerisms.
- There should be no discussions about salaries, rewards or punishments. Once the discussion turns to compensation, it changes the emphasis from performance improvement to the relationship between performance and reward. Counselling is not easy; therefore, it is important, if not imperative, for the supervisor to be specially trained in social competence in order to be able to handle these aspects of the job. The skill required to handle these situations well is often referred to as the use of a non-directive technique. The approach is one of generating information and using this information to help employees. A good way of using the non-directive technique is to start the interview with, "Tell me how you think you are doing." This immediately provides a platform for the employee to talk about his/her side of the story first.

The main point is to give employees opportunities to talk and share their experiences. The supervisor must then listen to and process the information in order to provide appropriate feedback. Supervisors are sometimes hesitant to initiate performance counselling sessions because employees may be fearful that the sessions will raise certain questions to which they have no answers. Supervisors may also find themselves questioning the employees' judgements and decisions, and this could lead to arguments, debate or misunderstanding. This is why supervisors need to be trained in counselling session techniques. The ability to identify employees' skills or abilities as yet unused by or even unknown to the organisation is the main outcome of performance counselling. Potential appraisal and performance appraisal are actually very different. The issue with performance appraisal is that it is limited to the assessment of how an employee has performed in his/her job role. Potential appraisal, on the other hand, is a way of exploring what the employee can do, including things that he/she is not currently doing. There are quite specific advantages to conducting a thorough potential appraisal:

- a) The organisation can identify individuals who are now able to handle higher responsibilities.
- b) It sends the message that people are not working in dead-end jobs in the organisation: there is the potential to advance one's career.

## The Potential Review/Career-Development Interview

The basic framework of this interview and the general approach is similar to the performance appraisal interview. There are three phases of the interview and they should be undertaken in the following way:

## Pre-interview preparation

1. Employees who are to be interviewed must prepare themselves. They must think carefully about their own personal career goals and honestly analyse their strengths and weaknesses. They must also carefully consider what training needs they may have as well as employment preferences.
2. The managers who are conducting the interviews should study the relevant personnel records. This would include items such as career history, staff reports, performance-appraisal summaries and training records. They should consult appropriate line managers to ascertain whether any changes have occurred since the last report and clarify information about current performance and potential.
3. There will be specific objectives to be achieved in each particular situation and these must be determined beforehand.

## The Interview

- 1) The interview should proceed according to the following broad plan:
  - A clear explanation of the general purpose and scope of the interview.
  - Discussion of the individual's career to date in terms of recognised strengths and weaknesses, likes and dislikes, employment and preferences. Data from 'life-lines' or other such exercises may be helpful.
  - Discussion of the employee's future in terms of the potential revealed by past performance, the opportunities that the organisation is able to provide and the individual's needs for training and education.
  - Summing-up of agreements about action required.
- 2) As with the performance appraisal, this is a problem-solving, counselling situation and the requirements for its successful conduct are essentially the same.

## Approaches to Appraisal Interviewing

It is generally agreed that appraisal interviews must take place at the very least every twelve months, be conducted by an immediate supervisor, and take approximately one to two hours. It is important to note that most guidebooks state that appraisals should be done on a continuous basis, and this means that feedback on performance should not just be positive feedback on good performance. It should be given nearer to the time when the good performance actually occurred, and the interview should summarise what has been conveyed to employees on an on-going basis. An annual interview is not as effective as regular, informal types of feedback.

There are three different types of appraisal interviews and they each have different goals; therefore, they all require different skills from the appraiser.

The recommended steps are mentioned below:

### 1) Preparing for the Interview

- Ensure the employee has enough notice.
- Send self-assessment forms to the employee for completion.
- Make notes of the employee's performance throughout the year.
- Make sure there is at least a one-hour interview in an informal setting. Make sure there will be no interruptions.
- Determine in advance the purpose of the interview - i.e., what the interviewer will do with the information obtained.
- Be properly informed. Read over the relevant files and obtain any missing information.
- Identify the main issues to be addressed (e.g., past objectives, successes achieved, and problems encountered) and the relevant questions that must be asked.

### 2) Just before the Interview

- Make sure that telephone calls and other interruptions are avoided.
- Make sure that the room is appropriate and the furniture suitably arranged.
- Greet the employee and try to put him/her at ease.

### 3) Structure of the Interview

- Explain the purpose, scope and form of the interview.
- Discuss the job in terms of objectives and demands.
- Allow the employee to discuss their perceived strengths and weaknesses.
- Discuss how formerly agreed objectives have been met.
- Agree on future objectives.
- Identify and discuss any development needs.
- Summarise the agreed plans.
- In the event of disagreement, explain the details of any appeals procedure.

### 4) During the Interview

#### The opening

- Ask (open) questions which initially draw out employee reactions and ideas (remember to let the employee do most of the talking).
- Start with the strong points/good performance of the employee.

- Establish the order of the interview, but also be prepared to be flexible.
- Try not to make any hasty judgements, especially if there is only minimal evidence to support them. Very importantly, keep any personal prejudices out of the interview.

#### **The middle**

- Encourage the employee to suggest ways of continuing his/her good performance.
- Encourage the employee to discuss weaknesses and think of any ways he/she might improve.
- Ensure that the interview proceeds at an appropriate pace and balance efforts to obtain information within the planned time limits.
- Take relevant notes to aid memory, but try not to make this too obvious by losing eye contact.

#### **The end**

- Ask the employee to summarise the main points of the discussion and the agreed steps of action that need to be taken.
- Check employee agreement on and commitment to the actions.
- End on a high note.

### 5) Throughout the Entire Interview

- The interviewer's questioning skills are very important. Start with open questions and use a sensible mixture of open, probing, closed and reflective questions. Avoid hypothetical and multiple questions.
- Maintain active listening skills.
- Ensure that any criticism is constructive in nature.

### 6) After the Interview

- Send a copy of the report to the employee.
- Follow up any necessary action steps.
- The appraiser must also evaluate his/her own performance by asking him/herself certain useful questions. For instance, did the interview produce any new knowledge?

## Career Development

Career development occurs when an organisation puts processes in place to ensure that, when needed, the right people with appropriate qualifications are placed in the right positions. Career development brings advantages to both the employee and organisation, as developed employees add more value to an organisation and themselves. They are better prepared for the jobs they undertake. As such, career development exposes employees to activities that prepare them for fulfilling the present and future

needs of the organisation. The tools of career development include proper skills, education, behavioural adaptation, experience, and refining techniques. With these skills, employees are able to work better and add more value to themselves and the company.

Career developments include methods of discussion with knowledgeable people, company materials, performance appraisal systems, workshops and planning for personal development. Organisational development is important as it is a way of developing total units' behaviour. This development includes feedback from surveys, quality circles, sensitivity training and team-building.

## Career Path

Appraisals and, in particular, potential appraisals are used to help employees move into higher positions in an organisation. The prospect of working in dead-end jobs where they will not grow or learn different skills is not usually appealing to people. Therefore, having obvious steps that can be taken is a necessary part of human resources management. For the most part, HRM people prefer to restructure a job in such a way that long and orderly career growth is provided. 'Career path' refers to opportunities for growth within an organisation, and the availability of these opportunities is a way of providing great motivation. It also assists in planning salary structures, identifying training needs and developing a second line of command. There are two types of career paths:

- 1) Where the job stays essentially the same but the designations change to a higher-level position. For example, in teaching, an assistant professor becomes an associate professor and then a professor. The nature of the job doesn't really change but the title does and this means a rise in status, better salary, benefits, and perhaps better working conditions.
- 2) In jobs where changes in positions bring about changes in the job as well as a higher salary, higher status, more benefits, and better working conditions. In the engineering field, for example, employees might grow in the same line and have more responsibilities, or they may be moved to other projects with changed job demands. The Assessment Centre is an important method of assessing the promotion abilities of employees. This method uses many different techniques to assess and evaluate employees to fill certain manpower needs within the company. Situational tests, preparation of reports by employees after analysing a problem, oral presentations or answering mail in in-basket situations are all part of the assessment. Employees are also assessed on the decisions they have made in certain situations. The people evaluating the employees carefully observe the behaviour and then write independent reports on their strengths and weaknesses.

**Organisational Career Planning:** This is the planned progression of a job that has been worked out by the company to help its employees develop. Organisational career planning involves the company identifying paths and activities for employees to develop in their respective areas. Career paths are

flexible lines of movement for employees to progress along during their employment with a company.



If employees follow a set career path they can undertake career development with the company's assistance. Sometimes, this would involve an employee having to weave his/her way from company to company and position to position in order to gain more experience.

**Individual Career Planning - self-assessment:** Career planning involves an employee continuously evaluating his/her abilities and interests, considering alternative career opportunities, determining career goals and planning concrete developmental activities. Understanding the self and self-assessment must come before any planning. When this is done the employee will be in a position to determine realistic goals and find a way of achieving those goals. By understanding his/her strengths, an employee will be able to use these strengths to their greatest advantage. He/she must also understand his/her weaknesses, as this will enable him/her to overcome them.

**Survey on Likes and Dislikes:** The self-assessment process includes considering likes and dislikes. Surveys with likes and dislikes are also useful for understanding and recognising restrictions that individuals place upon themselves. Self-assessments help employees understand their motives and set the scene for pursuing a career. Successful career planning is usually easier for people who know themselves well. Sometimes people become side-tracked by choosing careers that are not best suited to their skills and strengths. When the self-assessment and surveys have taken place, management can develop programmes that relate specifically to employees' needs.

Organisational career planning must start by redefining the way work is done. Career planning is a continual process.

Programmes for career planning should aim to achieve one or more of the following goals:

- Effective development of available talent.
- Self-appraisal opportunities for employees considering new or non-traditional career paths.
- Development of career paths that go across divisions and/or geographic locations.
- Demonstration of a tangible commitment to CEO and affirmative action.
- Satisfaction of the employees' specific development needs.
- Improvement of performances.
- Increased employee loyalty and motivation, leading to decreased turnover of staff.
- A method of determining training and development needs.

Successful career planning depends on whether a company can satisfy those aspects that are considered the most crucial to employee development and the achievement of the organisational goals.

**Succession planning:** Succession planning and career development are strongly inter-connected. When they are used together, happier and more productive employees will be the outcome. This then makes the organisation more growth-oriented, naturally leading to

better financial results. Another advantage is that future business needs can be prepared for based on both corporate and individual growth.

It is important to connect elements such as career development, evaluations, annual reviews and orientation programmes to organisational goals. When this is done, a workable process will be achieved which consistently addresses business needs for finding, maintaining and placing appropriate talent in key positions. Internal career development programmes are essential as they help to retain valued employees while at the same time ensuring more control over the succession planning process. Research in employee retention shows that people tend to stay longer in an organisation if they experience better personal and professional growth.

Today, there is high competition in the global environment. Human capital is a company's most important asset. Hiring and keeping exceptional employees in an organisation makes all the difference between those companies that are successful and those that struggle. Many organisations focus entirely on hiring and training in an attempt to develop a strong and capable workforce. Succession planning is, therefore, neglected by such organisations but since it is a most important factor in building a successful organisation capable of achieving its strategic goals, these organisations suffer.

Succession planning requires more than just a chart showing which employees are holding which jobs within the company. Best-practice businesses utilise succession planning to develop and sustain strong leadership and make sure they focus on all the skills and competencies needed for today's business environment. Succession planning is also a very strong tool to motivate and retain good leadership.

Succession planning helps organisations align their business goals and their capital needs because it is an on-going and dynamic process. It is also extremely useful in helping businesses keep up with any changes in business, industry and overall marketplace. Organisations must develop effective and focused strategies in order to achieve exceptional business results.

**A strategic approach:** Successful organisations emphasise training for the development of good leadership but they also know that they must sometimes look outside their companies for specific types of skills or knowledge. It is usually the case, however, that the more prominent a position, the harder it will be to find suitable candidates. Companies will then turn to outside consultants to do their recruiting for them and in some cases even the entire succession planning process. These outside consultants can bring more objectivity and assist in developing a strategic plan that covers all levels of enterprise. This is a useful approach for many organisations.

### Succession Planning: the Concept and Definition

Succession planning involves a company ensuring that their employees are recruited and trained properly to fill every key role within their business. By using a good succession plan, an organisation can recruit top-quality people and develop their skills, knowledge and abilities to prepare them for promotion or

advancement into more challenging positions.



Suitable succession planning will ensure that organisations retain top-quality employees because they will appreciate the time, attention and development the company has invested in them. Organisational long-term goals must be identified and understood in order to create a successful succession plan, and the best people must be hired.

It is necessary to identify and understand the employees' development needs. All key employees must clearly understand their career pathways and the roles they are being developed to fill within the company.

**Objectives of succession planning:** The key objectives (and advantages) of succession planning are:

- Better job-filling for key positions through wider candidate search, and faster decision-making.
- Development of longer-term successors by ensuring that their careers progress and by giving them a wide scope of work experiences required for the future.
- Encouraging a culture of "progression" by developing employees who are seen as a 'business resource' and who share vital skills, experiences and values important to the future of the business.

The development of a strong talent pool of people for the future is often seen as the most important objective. This is viewed as essential for attracting and keeping the best people. This is especially true in service industries such as accountancy or the legal profession.

## Problems in Performance Appraisal

It is assumed that appraisal processes and methods are performed in an objective way, as indeed they should be. However, it is naïve to assume that managers always interpret and standardise the criteria on which employees are appraised in a neutral way. There are several potential errors that considerably impede an objective evaluation. Some errors that may affect the appraisal are mentioned below:

### 1. Leniency Error

Each person who appraises another has their own value system through which evaluations are made. Some appraisers mark high and others low relative to the actual performance of an employee. The former case is referred to as *positive leniency error*, which means that appraisers lean towards overstating an employee's performance and abilities. The latter case is a *negative leniency error*, which means that the appraiser understates the employee's performance and gives the individual a lower appraisal.

### 2. The Halo Effect

This type of error occurs when an appraiser tends to rate high or low on every factor because of an impression made by a high or low rating on a specific factor. For example, an

employee may be generally very reliable and responsible. The supervisor may be biased towards that person and rate him/her highly on many desirable attributes regardless of whether he/she actually possesses them.

### 3. The Similarity Error

If assessors rate others the same way in which they perceive themselves, they are making a similarity error. Assessors may project perceptions of themselves onto the other employees being evaluated. Hence, if an assessor sees him/herself as aggressive, for example, he/she may evaluate others by looking for aggressiveness. Those employees who demonstrate this particular characteristic will tend to benefit while those who don't will be penalised.

### 4. Low Appraiser Motivation

What are the consequences of the appraisal? In some cases, if an assessor knows that an employee who receives a low appraisal rating will have his/her future affected by losing promotional opportunities or a salary increase, the assessor may be hesitant to give a realistic appraisal. It has been noted that it is generally more difficult to obtain accurate appraisals of staff if important rewards depend on the results.

### 5. Central Tendency

Sometimes, it doesn't matter who the appraiser assesses or what traits are used: the pattern of evaluation stays the same. There are also situations where the appraiser's ability to assess accurately and objectively has been obstructed by a failure to use extremes of the scale. This is called central tendency. Central tendency occurs when the appraiser is hesitant to state extreme ratings in either direction and he/she cannot distinguish between the employees being rated. It is a range restriction.

### 6. Recency vs. Primacy Effect

Recency means the proximity or closeness to the appraisal period. For example, an employee may take it easy for most of the year, but when appraisal time comes he/she becomes very active. All of a sudden there is an aura of efficiency. Files move faster, tasks are taken seriously and the bosses can constantly see the progress. All this creates the impression of efficiency and, of course, affects the appraisal decisions. The supervisor is duped into believing that the employee is working very well and getting the job done. Therefore, this employee is rated higher than he/she should be.

The primacy effect is the opposite of recency. It occurs when the initial impression influences the decision on year-end appraisal without taking into account whether the employee has been able to keep up the initial impression. 'First impression is the last impression' seems to describe this type of error.

## Effective Performance Appraisal

The errors mentioned above give a clear picture of how reliability and validity can be compromised. Organisations must know the difference between what was appraised and what should have been appraised. Appraisal systems are supposed to be objective but, unfortunately, this is often not the case. Below are steps that can be taken to improve the appraisal system:

1. Supervisors must clearly understand that performance appraisal is an integral part of their job duties and that they themselves will be evaluated on how seriously they have taken this exercise.
2. In order to perform this task well, supervisors should be given systematic training in writing performance reports and conducting performance interviews.
3. Run job evaluation studies, organise job descriptions/roles and develop separate forms for various positions in the organisation.
4. Create a system that is as simple as possible to make it easy to understand and practise.
5. After an appraisal interview, employees should be left alone to improve their performances in specific dimensions. The supervisor must occasionally monitor whether the improvement in performance in weak areas is taking place and, if not, help employees to achieve the required improvement.
6. Finally, a periodic review of the appraisal system helps to keep it updated and enables the appropriate changes to be made. For performance appraisal to be effective, these steps are necessary. Changes in technology occur regularly; therefore, the work environment must change in its tasks, abilities and skills in order for people to perform well. Failure to make the necessary changes will affect the report's accuracy and ability to satisfy appraisal objectives. Certain other things can also improve the effectiveness of an appraisal:

### a) Behaviourally-Based Measures

Behaviourally-based measures are preferred to those that are developed around traits. In most cases, however, traits that are thought to be related to good performance actually have little or no performance relationship. Traits such as courage, loyalty, initiative and reliability, etc. are considered appealing characteristics in an employee. However, it is important to ask whether those who are rated highly on those traits are actually higher performers than those employees rated poorly. Loyalty and initiative are traits that employers prize but there is no evidence to show that certain traits translate into higher performance in most jobs. Behaviourally-derived measures can deal with this doubt because they deal with precise examples of both good and bad performance. Thus, they avoid using inappropriate substitutes.

### b) On-going Feedback

Employees prefer to know how they are doing at work. Sometimes, however, the annual review can be a problem. For example, managers put off the reviews, especially if they are negative. The solution to this is for the managers to share both positive *and* negative aspects and their expectations and disappointments on a day-to-day basis. When employees are provided with regular opportunities to discuss their performances before any rewards or punishments ensue, there will be no surprises during the annual review. This formal event (known as an annual review) will actually be less traumatic for all concerned when on-going feedback is provided.

### c) Multiple Raters

It is possible to obtain more accurate information when there are more raters. The concept goes something like this: if the rater error follows a normal curve, more raters will help bring the employee towards the middle ground. Hence, if an employee has seven supervisors and six of them rate him/her highly while one rates him/her poorly, the value of the poor evaluation can occur.

### d) Peer Evaluations

Often, managers find it difficult to assess their employees' performances because they don't work with them on a daily basis. One way to overcome this is through peer evaluations. These are conducted by an employee's peers who are very familiar with the jobs involved, usually because they are doing the same work. The peers are with the other employees every day and they should be given opportunities to give feedback to managers.

The main advantages of peer evaluation are as follows:

- a. There is a tendency for co-workers to offer more constructive insight to each other so that, as a unit, each will improve;
- b. Peer recommendations tend to be more specific regarding job behaviours, and this is important because constructive measures are sometimes hard to obtain.

### Further Reading:

- ✓ Nick Wilton (2011), *An Introduction to Human Resource Management*
- ✓ Robert L. Cardy, Brian Leonard (2011), *Performance Management: Concepts, Skills, and Exercises*
- ✓ Michael Armstrong (2009), *Armstrong's Handbook of Performance Management*
- ✓ Corey Sandler, Janice Keefe (2004), *Performance Appraisal Phrase Book*