

Unit
8

Performance Management

- Identify the major determinants of individual performance.
- Discuss the three general purposes of performance management.
- Identify the five criteria for effective performance-management systems.
- Discuss the four approaches to performance management,
- Discuss the advantages and disadvantages of the different sources of performance information.
- Conduct an effective performance feedback session.
- Choose the most effective source(s) for performance information for any situation.
- Distinguish types of rating errors and explain how to minimize each in a performance evaluation.

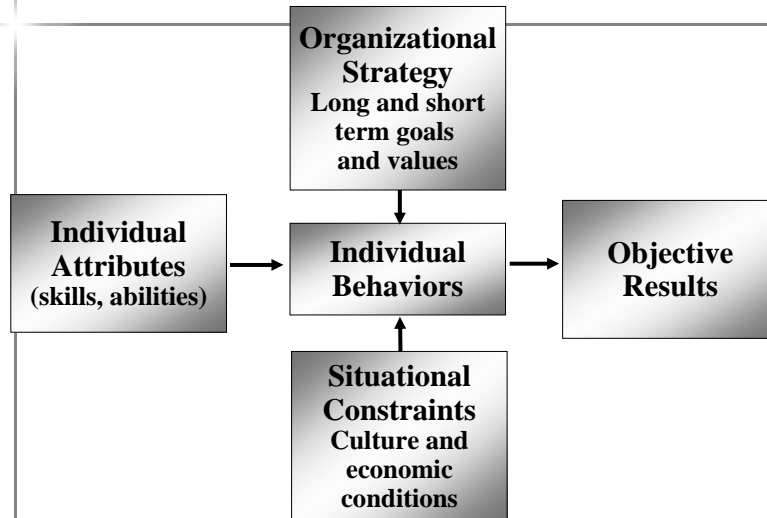
Ngo Quy Nham, MBA

Introduction

- **Performance management** is the process through which managers ensure that employee activities and outputs are congruent with the organization's goals.
- **Performance Appraisal** is the process through which an organization gets information on how well an employee is doing his or her job.
- **Performance Feedback** is the process of providing employees information regarding their performance effectiveness.

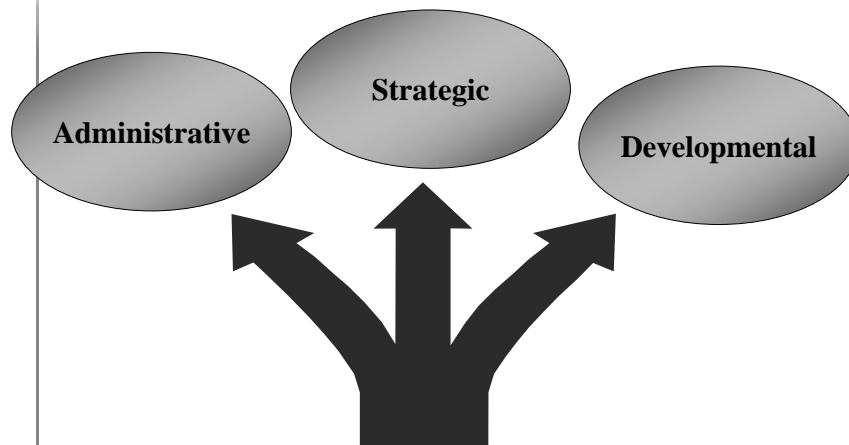
Ngo Quy Nham, MBA

An Organizational Model of Performance Management



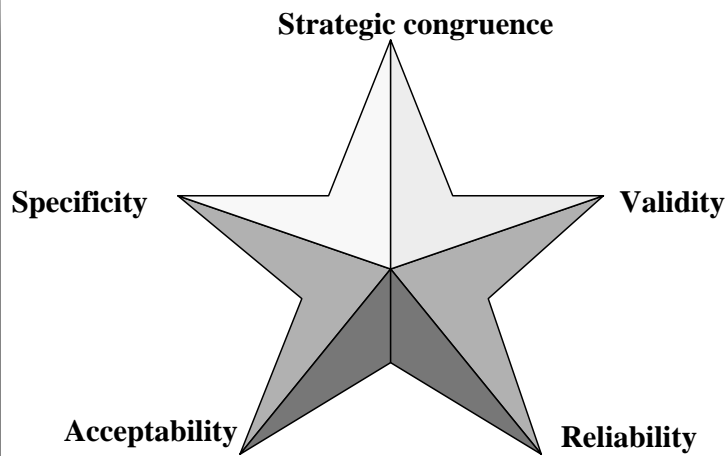
Ngo Quy Nham, MBA

Purposes of Performance Management



Ngo Quy Nham, MBA

Performance Measures Criteria



Ngo Quy Nham, MBA

The Comparative Approach

- **Ranking**
 - Simple ranking ranks from highest to lowest performer.
 - Alternation ranking - crossing off best and worst employees.
- **Forced distribution**
 - Employees are ranked in groups.
- **Paired comparison**
 - Managers compare every employee with every other employee in the work group.

Ngo Quy Nham, MBA

The Attribute Approach

- **Graphic rating scales**
 - A list of traits is evaluated by a five-point rating scale.
 - Legally questionable.
- **Mixed-standard scales**
 - Define relevant performance dimensions and then develop statements representing good, average, and poor performance along each dimension.



Ngo Quy Nham, MBA

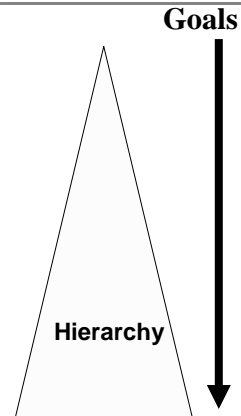
Behavioral Approach

- **Critical incidents approach** - requires managers to keep record of specific examples of effective and ineffective performance.
- **Behaviorally anchored rating scales (BARS)**
- **Behavioral observation scales (BOS)**
- **Organizational behavior modification** - a formal system of behavioral feedback and reinforcement.

Ngo Quy Nham, MBA

Results Approach

- Management by objectives
 - top management passes down company's strategic goals to next layer of management, and these managers define the goals they must achieve.
- Productivity Measurement and Evaluation System (ProMES)
 - goal is to motivate employees to higher levels of productivity.



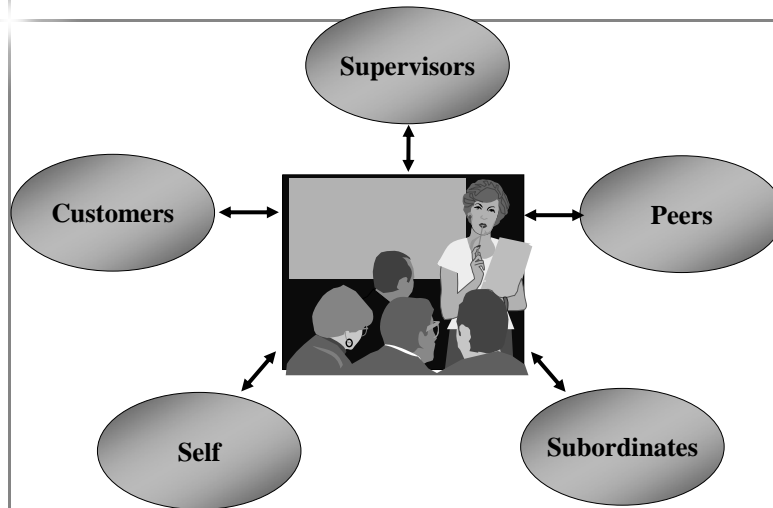
Ngo Quy Nham, MBA

Quality Approach

- A performance management system designed with a strong quality orientation can be expected to:
 - Emphasize an assessment of both person and system factors in the measurement system.
 - Emphasize that managers and employees work together to solve performance problems.
 - Involve both internal and external customers in setting standards and measuring performance.
 - Use multiple sources to evaluate person and system factors.

Ngo Quy Nham, MBA

Sources for Performance Information



Ngo Quy Nham, MBA

Rater Errors in Performance Measurement

- Similar to me
- Contrast
- Distributional errors
- Halo and horns



Ngo Quy Nham, MBA

Reducing Errors and Appraisal Politics

- Two Approaches to reducing rater error:
 - Rater error training
 - Rater accuracy training
- Appraisal politics - a situation in which evaluators purposefully distort ratings to achieve personal or company goals.

Ngo Quy Nham, MBA

Improving Performance Feedback

- Feedback should be given every day, not once a year.
- Create the Right Context for Discussion.
- Ask employees to rate their performance before the session.
- Encourage the subordinate to participate in the session.
- Recognize effective performance through praise.
- Focus on solving problems.
- Focus feedback on behavior or results, not on the person.
- Minimize criticism.
- Agree to specific goals and set a date to review progress.

Ngo Quy Nham, MBA

Managing Performance of Marginal Performers

- Solid performers
 - High ability and motivation; managers should provide development opportunities
- Misdirected effort
 - Lack of ability but high motivation; managers should focus on training
- Underutilizers
 - High ability but lack motivation; managers should focus on interpersonal abilities
- Deadwood
 - Low ability and motivation; managerial action, outplacement, demotion, firing.

Ngo Quy Nham, MBA