

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.

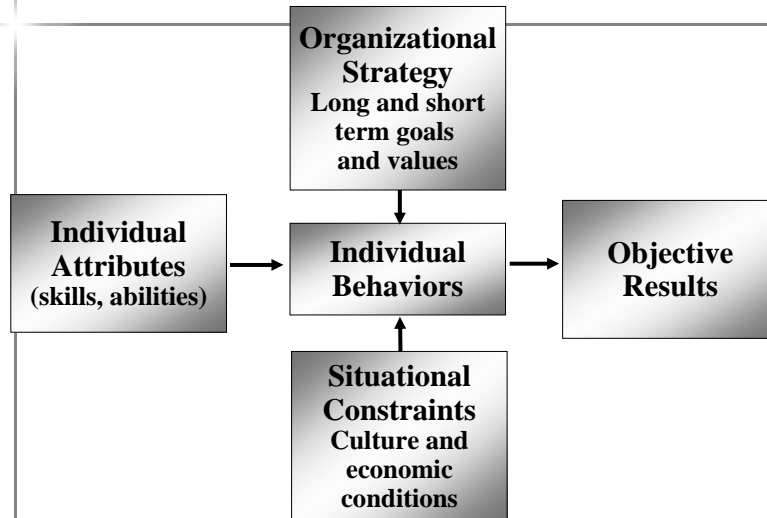
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## Introduction

- **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.

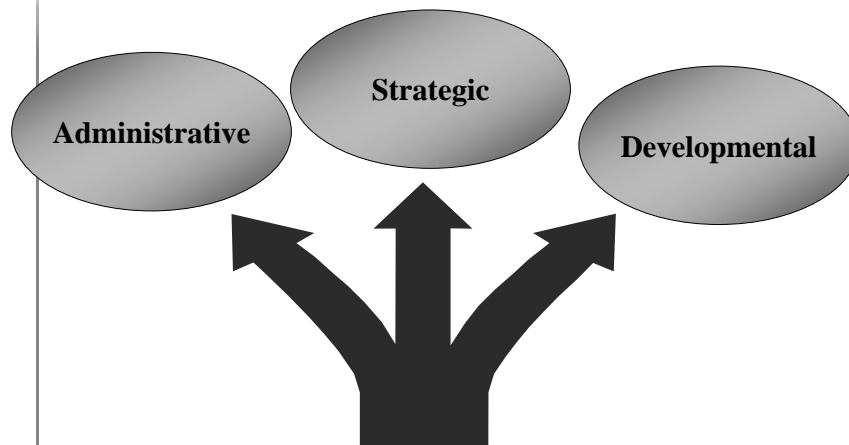
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## An Organizational Model of Performance Management



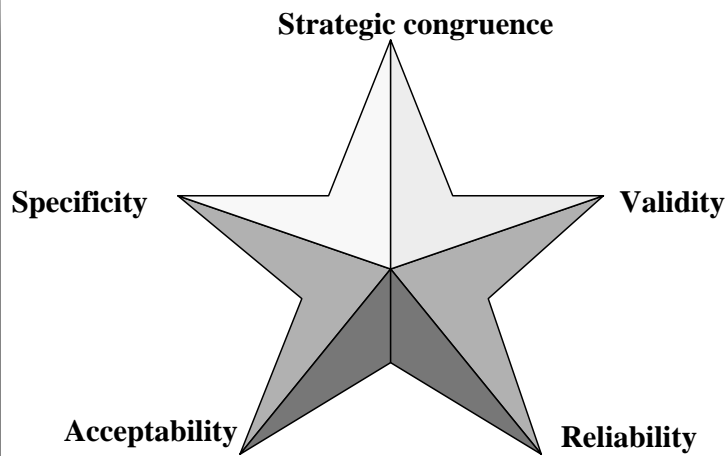
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## Purposes of Performance Management



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## Performance Measures Criteria



## 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.

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## 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.



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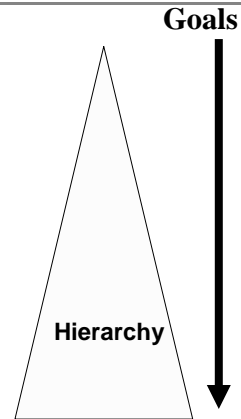
## Behavioral Approach

- **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.

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## 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.



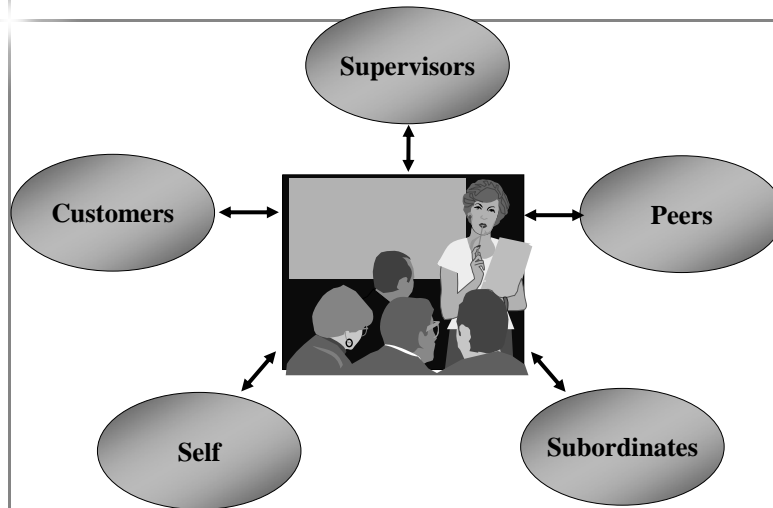
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## Quality Approach

- 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.

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## Sources for Performance Information



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## Rater Errors in Performance Measurement

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



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## 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.

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## 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.

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## 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.

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