# PERFORMANCE APPRAISAL

**Dewi Hardiningtyas, ST, MT, MBA**

# How to do ...

**1. Determine purpose** → **2. Identify limitations** → **3. Determine raters**

↓

**6. Observe and documentation** ← **5. Train raters** ← **4. Select method**

↓

**7. Evaluate performance** → **8. Communicate results** → **9. Make decision**
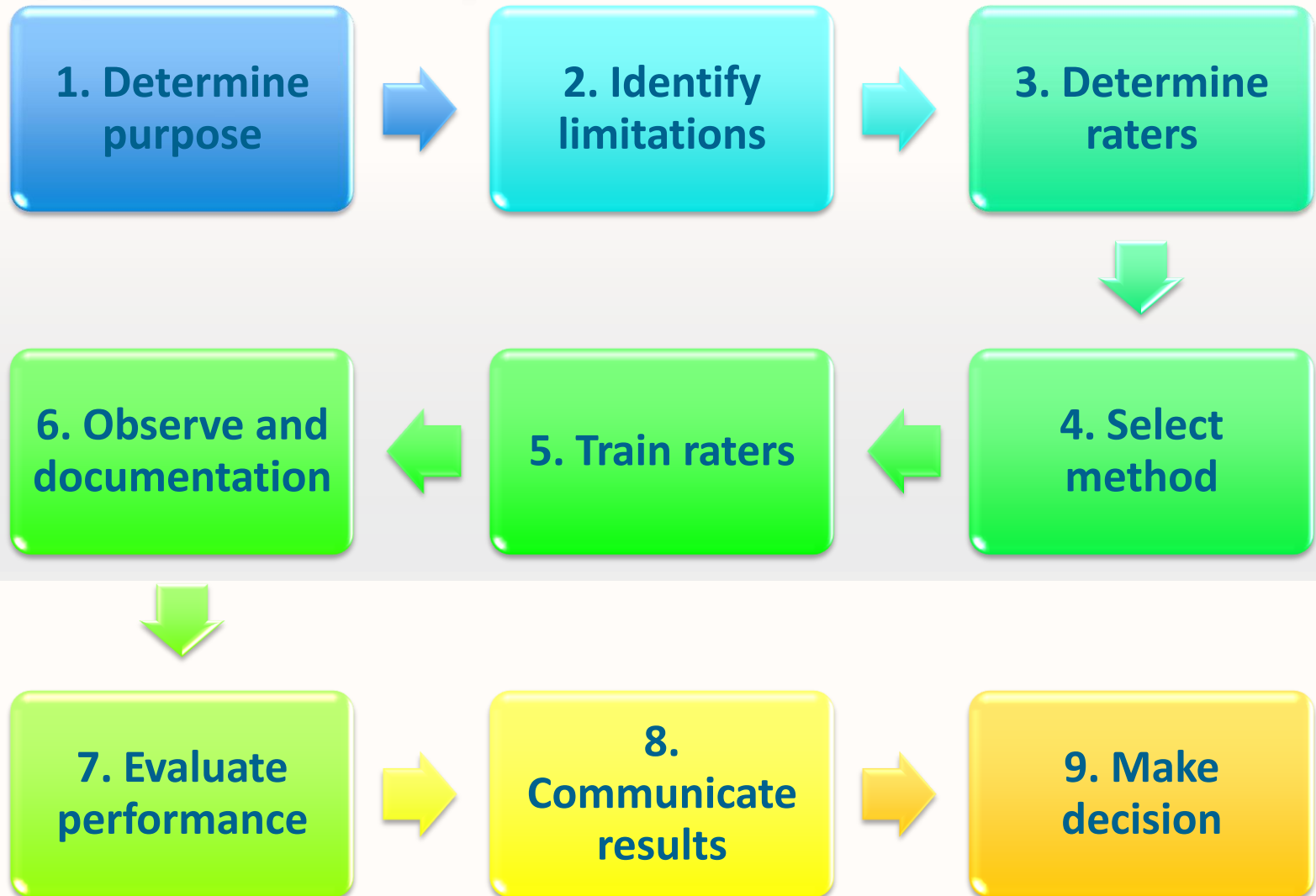
# [1] Determine Purpose

## the forced-choice rating scale

☑ Determining compensation

☒ Training purpose

## 360-degree feedback

☑ Improving employee performance

☒ Determining salary increases

# [1] Determine Purpose

- Providing Employee Training and Feedback

- Determining Salary Increases

- Making Promotion Decisions

- Making Termination Decisions

- Conducting Personnel Research

# [2] Identify Limitations

**Money ??**

**Time ??**

**Effort ??**

**Elaborate ??**

**Cohesive??**

# [3] Determine raters

**Supervisors**
- Supervisors only see the end results, not all behaviors
- Employees behave differently around spv or others.

**Peers**
- Peers often see actual behaviors.
- It'll better if the peers know well the employee.

**Subordinates**
- Also called upward-feedback.
- They may be fear if they unfavorably rate their spv.

**Customer**
- Customers provide feedback by filing complaints.

**Self-Appraisal**
- Further research is still needed to investigate potential cultural differences in self-ratings.

# [4] Select method

| Focus of the Appraisal Performance Dimension | | | | |
|---|---|---|---|---|
| Trait-Focused PD | Competency-Focused PD | Task-Focused PD | Goal-Focused PD | Contextual Performance |

## Should Dimensions Be Weighted?

| Use of Employee Comparisons, Objective Measures, or Ratings | | |
|---|---|---|
| Employee Comparisons | Objective Measures | Ratings of Performance |

# Employee comparisons
## → RANK ORDER

| Employee | Dimension | | | Total |
| --- | --- | --- | --- | --- |
| | Knowledge | Dependability | Quality | |
| Barrino | 1 | 1 | 1 | 1.00 |
| Underwood | 2 | 3 | 2 | 2.33 |
| Hicks | 3 | 2 | 3 | 2.67 |
| Sparks | 4 | 5 | 4 | 4.33 |
| Cook | 5 | 4 | 5 | 4.67 |

# Employee comparisons → PAIRED COMPARISON

$$\# \ of\ comparisons = \frac{n(n-1)}{2}$$

*n = the number of employees*

**Employees**
- Green
- Briscoe
- Rey
- Logan
- Ceretta

**Paired Comparisons:** Circle the better employee in each pair.

| | |
|---|---|
| (Green) | Briscoe |
| (Green) | Rey |
| (Green) | Logan |
| (Green) | Ceretta |
| (Briscoe) | Rey |
| (Briscoe) | Logan |
| (Briscoe) | Ceretta |
| Rey | (Logan) |
| (Rey) | Ceretta |
| (Logan) | Ceretta |

**Scoring**

| Employee | Number of Times Name Circled |
|---|---|
| Green | 4 |
| Briscoe | 3 |
| Rey | 1 |
| Logan | 2 |
| Ceretta | 0 |

# Employee comparisons → FORCED DISTRIBUTION

| Diaz | Foster<br>Berry | Zellweger<br>Bullock<br>Roberts<br>Barrymore | Jolie<br>Kidman | Witherspoon |
|---|---|---|---|---|
| 10%<br>Terrible | 20%<br>Below<br>average | 40%<br>Average | 20%<br>Good | 10%<br>Excellent |

# Objective Measures

**Quantity of work**

**Quality (no of errors)**

**Attendance**

**Safety**

# Ratings of Performance
## → GRAPHIC RATING SCALE

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Initiative | Poor | 1 | 2 | 3 | 4 | 5 | Excellent |
| Cooperation | Poor | 1 | 2 | 3 | 4 | 5 | Excellent |
| Dependability | Poor | 1 | 2 | 3 | 4 | 5 | Excellent |
| Attendance | Poor | 1 | 2 | 3 | 4 | 5 | Excellent |

# Ratings of Performance
## → BEHAVIORAL CHECKLISTS

### Radio Procedures

**Behavioral Elements**
_____ Uses proper codes and signals when sending information
_____ Understands codes and signals when receiving information
_____ Voice is clear and easy-to-understand in normal situations
_____ Voice is clear, easy to understand, and does not indicate panic in high stress situations
_____ Follows proper radio procedures
_____ Monitors the proper channels
_____ Knows the location of all district officers
_____ Never communicates improper information over the radio
_____ Keeps dispatch informed of current status
_____ Treats communications officers with respect and courtesy

**Dimension Rating**
_____ 5 Consistently exceeds requirements, no improvements needed
_____ 4 Exceeds most requirements
_____ 3 Usually meets requirements, acceptable performance
_____ 2 Usually meets most requirements, but needs improvement
_____ 1 Does not meet minimum requirements, needs immediate and extensive improvement

# Ratings of Performance
## → THREE SCALES

**Comparison of Other Employees**

Refers to customers by name
_____ Much better than other tellers
_____ Better than other tellers
_____ The same as other tellers
_____ Worse than other tellers
_____ Much worse than other tellers

**Frequency**

Refers to customers by name
_____ Always
_____ Almost always
_____ Often
_____ Seldom
_____ Never
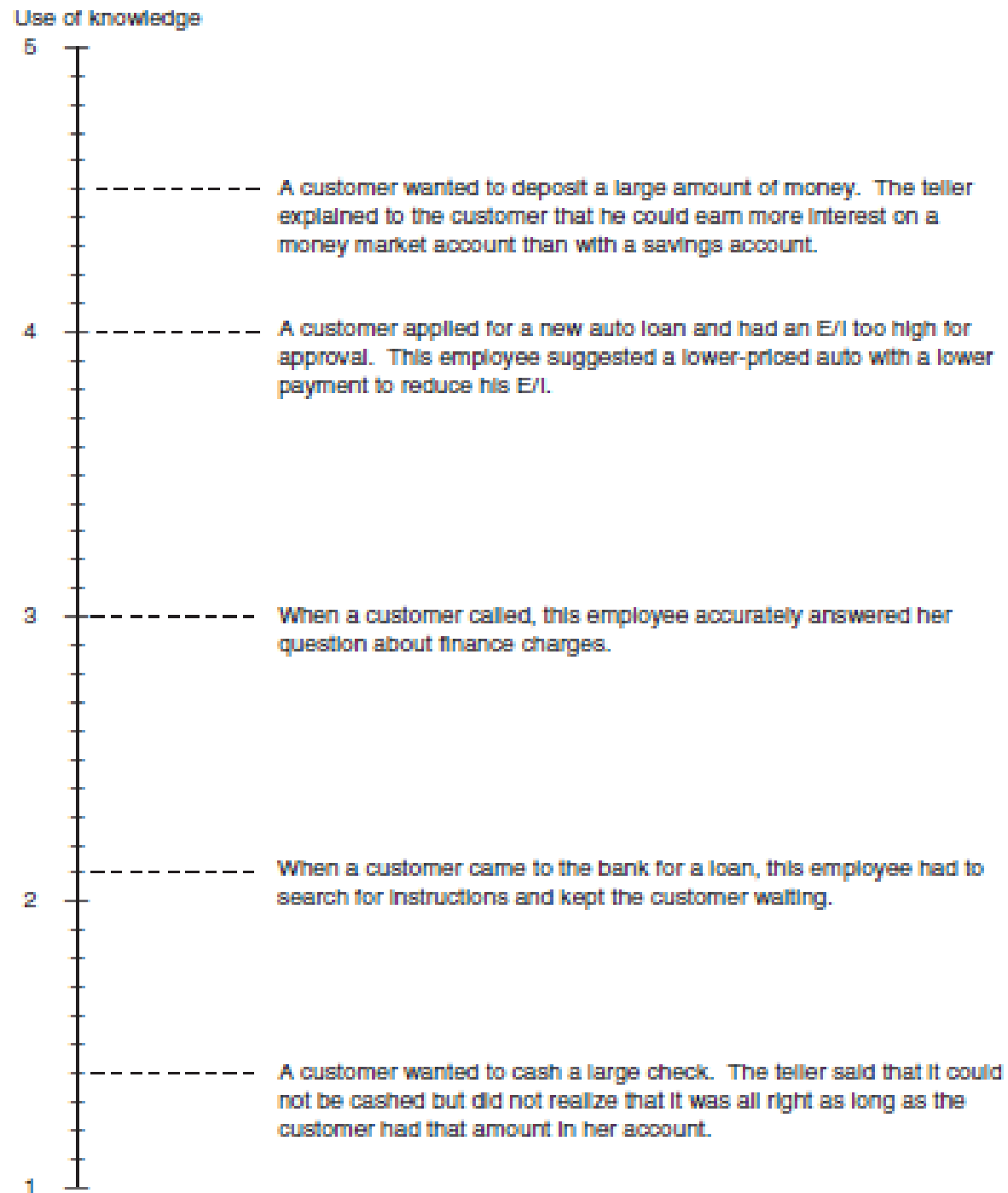
**Extent to Which Organizational Expectations Were Met**

Refers to customers by name
_____ Greatly exceeds expectations
_____ Exceeds expectations
_____ Meets expectations
_____ Falls below expectations
_____ Falls well below expectations

# Behaviorally anchored rating scale

Use of knowledge

5

4 — A customer wanted to deposit a large amount of money. The teller explained to the customer that he could earn more interest on a money market account than with a savings account.

4 — A customer applied for a new auto loan and had an E/I too high for approval. This employee suggested a lower-priced auto with a lower payment to reduce his E/I.

3 — When a customer called, this employee accurately answered her question about finance charges.

2 — When a customer came to the bank for a loan, this employee had to search for instructions and kept the customer waiting.

1 — A customer wanted to cash a large check. The teller said that it could not be cashed but did not realize that it was all right as long as the customer had that amount in her account.

# Forced choice rating scale

**Directions:** In each of the following items, check the one statement that is *most like* the teller being rated and the one statement that is *least like* the teller being rated.

|       |     | Most | Least |                                                  |
|-------|-----|------|-------|--------------------------------------------------|
| 1.    | a)  | ✔    |       | Teller is always on time (neutral).              |
|       | b)  |      |       | Teller is never short at end of day (poor).      |
|       | c)  |      | ✔     | Teller smiles at each customer (excellent).      |
|       |     |      |       |                                                  |
| 2.    | a)  |      | ✔     | Teller usually cross-sells (excellent).          |
|       | b)  | ✔    |       | Teller keeps work area neat and orderly (poor).  |
|       | c)  |      |       | Teller is friendly to other employees (neutral). |

# Mixed-standard scale

**Directions:** Place a "+" after the statement if the typical behavior of the teller is usually better than that represented in the statement, a "0" if the typical behavior of the teller is about the same as that represented in the statement, and a "−" if the typical behavior of the teller is worse than that represented in the statement.

Rating

1. Teller constantly argues with other employees (P).  _____

2. Teller smiles at customers (A).  _____

3. Teller asks customers how their families are doing (E).  _____

4. Teller helps other employees when possible (A).  _____

5. Teller is always friendly to and talks with other employees (E).  _____

6. Teller asks customers what they want (P).  _____

Items 1, 4, and 5 are from the Employee Relations Dimension.
Items 2, 3, and 6 are from the Customer Relations Dimension.

# [5] Train raters

✓ Only few organizations train raters properly (Hauenstein, 1998).

✓ The trained supervisors can :

- Increase **accuracy** and reduce errors

- Increase **validity** of the tests

- Increase employee **satisfaction** with the appraisal

✓ Example : **frame-of-reference training**

# [6] Observe & documentation

✓ Observe employee behavior and document **critical incidents** (examples of excellent and poor performance).

✓ Using **log book**.

✓ Should be remembered by raters :

- First impressions
- Recent behaviors
- Unusual or extreme behaviors
- Behavior consistent with the supervisor's opinion

Actual behavior

Observed behavior

Processed behavior
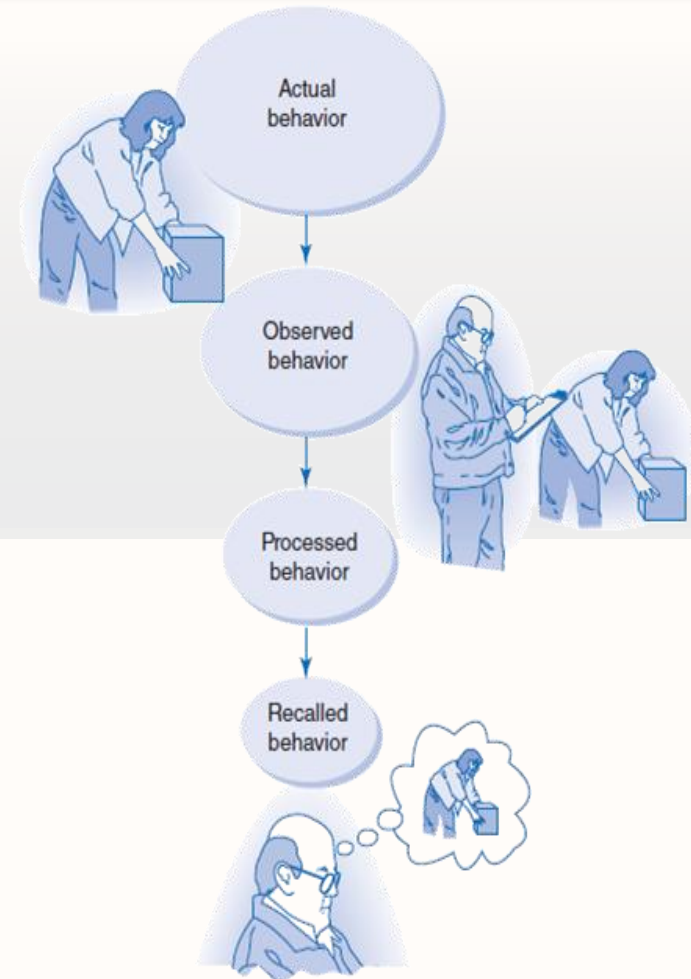
Recalled behavior

# [6] Observe & documentation

- Reasons for documentation :
  1. Focus on behaviors rather than traits
  2. Provides examples to recall behaviors and review performance ratings.
  3. Provide a physical proof when an employee refuse termination or promotion.

# [7] Evaluate performance

**Obtaining and Reviewing Objective Data**

**Reading Critical-Incident Logs**

**Completing the Rating Form**

# [7] Evaluate performance

- **Leniency errors (4 -5 of five-point scale)**
- **Central tendency errors (3 of five-point scale)**
- **Strictness errors (1-2 of five-point scale)**

**Distribution Errors**

- **A single attribute or an overall impression of an individual affects the ratings. Little knowledge of the job and less familiar with the object → halo errors.**

**Halo Errors**

- **A rating made on one dimension affects the rating made on the dimension that immediately follows it on the rating scale.**

**Proximity Errors**

- **The performance rating one person receives can be influenced by the performance of a previously evaluated person.**

**Contrast Errors**

- **Two people rating the same employee seldom agree with each other**

**Low Reliability across Raters**

- **Recency effect (only once or twice a year)**
- **Infrequent observations (raters are super busy)**

**Sampling Problems**

- **Inconsistency recall / review behavior**
- **Emotional state or stress**
- **Bias or feeling influence**

**Cognitive Processing**

# [8] Communicate results

## Prior to the Interview

- Allocating time
  - At least an hour for prepare and an hour for interview
- Scheduling the interview
  - More convenient time
  - Neutral place (privacy)
  - No communication barrier
- Preparing for the interview

## During the Interview

- The role of PA
- How the PA was conducted
- How the evaluation process was accomplished
- The expectation that the appraisal interview will be interactive
- The goal of understanding and improving performance

# [8] Communicate results

## "Feedback sandwich"

Positive feedback generally should be given first → followed by the negative feedback → and finishing with more positive feedback.

*.: Feedback should be candid, specific, and behavioral rather than personal :.*

# [8] Communicate results

What can the supervisors do to help ?

What can the organizations do ?

What can the employees do ?

**JOINT EFFORT**

# [9] Make decision

- Employment-at-Will Doctrine
  - In the private sector, the employment-at-will doctrine in most states allows employers freedom to fire an employee without a reason—at will. In the public sector, an employee can be fired only for cause.

- Legal Reasons for Terminating Employees
  - *Probationary period*
  - *Violation of company rules*
  - *Inability to perform*
  - *Reduction in force (layoff )*

# THANK YOU!

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