

CHAPTER 9

PERFORMANCE MANAGEMENT AND APPRAISAL

Learning Objectives

After you have read this chapter, you should be able to:

- explain the evaluative and developmental objectives of performance appraisal
- describe the major performance appraisal methods
- design and evaluate a programme of performance appraisal
- discuss who should perform the appraisal
- provide examples of several rater errors
- discuss several concerns about appraisal feedback interviews

Chapter Outline

1. South Africa's performance appraisal dilemma
2. Performance criteria
3. Performance appraisal objectives
 - Evaluative objectives
 - Developmental objectives
4. The appraisal process
 - Steps in developing a performance appraisal system
5. Legal considerations
6. Methods for appraising performance
 - Work standards
 - Category rating methods
 - Comparative methods
 - Narrative methods
 - Behavioural/objective methods
 - Combination methods
7. Common rater errors
8. Who should do the rating?
 - Supervisors
 - Peer evaluations
 - Customer/client evaluations
 - Self-ratings
 - Reverse appraisals
 - Team portfolio appraisal
9. Assessment centres
10. Monitoring employees on the job
11. Effective performance appraisal systems
 - Design input
 - Training appraisers
 - Formal and informal methods
 - Appraisal system evaluation
12. The appraisal interview
 - Problems with the appraisal interview

- Interview format
- Problem-solving interviews

Teaching Tips

Performance Appraisals (PAs) are among the most controversial management activities. Ask students if their performance has ever been evaluated by a supervisor. Students will often feel that they have been rated unfairly in some way, and these problems can lead into a discussion of PA instruments and methods, as well as into a lively discussion of rater errors. The group exercise - Reviewing the President of South Africa - is another great way to generate some attention on these same topics.

Discuss how a PA system or method should be designed and implemented. Once the different methods have been examined, students will often favour the detail of the BARS approach and/or the objectivity of the MBO approach. After focusing upon the positive elements of such approaches, students should be asked whether an organisation has the money or the time to customise such approaches for every job. Further, will their suggestions work as well if the organisation is trying to implement a team-based (rather than individual-based) approach to performance?

A discussion of the dilemma that the supervisor is often placed in - playing 'god' vs. coaching - should be developed. Students may role-play the rater and ratee roles to experience a bit of the discomfort that comes with conducting a PA interview with a poor performer. Students may be shocked by the violence that sometimes occur as a result of PAs and other HR decisions, and should be asked for suggestions for minimising the chances of sometimes deadly violence. The bottom line may be that little can be done in the PA approach to protect against such violence, but this points out broader questions regarding social responsibility and ethics in today's society.

This is an excellent chapter for bringing in an HR professional or entrepreneur as a guest speaker. HR professionals have an excellent grasp of this fundamental subject, and can be asked to discuss the methods that they use. Many organisations have recently modified their PA approach, so this would be a good way to discuss what goes into designing and changing a PA system. Participation of employees outside of HR for both the design of PAs and the rating of employees should be emphasised as a modern HRM tactic.

Finally, the relationship between other HR topics - compensation, discrimination, training and careers should be discussed. The fundamental role that PAs play in almost all other HR functions is a lesson that is not always learned when these topics are only discussed individually. In fact, the whole idea of Performance Management suggests that all managerial functions should be used to manage performance.

CASE STUDY

Bordon Electric

Helen Horn joined the Bordon Electric Company eight months ago as director of human resources. Bordon Electric is a small regional public utility serving 50 000 customers in three communities and the surrounding rural area. Electricity is generated at a central plant but each community has a substation and its own work crew. The total labour force at the central plant and three substations, exclusive of administrative and clerical personnel, numbers 280 people.

Horn designed and introduced a performance evaluation and review system (PERS) shortly after joining Bordon. This system was based on a similar system she had developed and administered in her prior position with a small company. She thought that the system had worked well and that it could be easily adapted for use at Bordon.

The purpose of PERS, as conceived by Horn, is to provide a positive feedback system for appraising employees that would be uniform for each class of employee. Thus, the system would indicate to employees how they were performing on the job and help them correct any shortcomings. The plant supervisors and field supervisors are responsible for administering the system for the plant workers and the substation crew workers, respectively. The general supervisors are responsible for the plant/field supervisors. Employees get personal PERS reports monthly informing them of their current status, and there is a review and an appraisal every six months.

PERS is based on a point system in an attempt to make it uniform for all workers. There are eight categories for evaluation, with a maximum number of points for each category and a total of 1000 points for the system. The eight categories for the plant and crew workers, and the maximum number of points in each category, are as follows:

| <i>Categories</i> | <i>Points</i> |
|---|---------------|
| <p>1. Quality of work</p> <p>Points are deducted if the job must be redone within 48 hours of completion.</p> | 15 |
| <p>2. Productivity</p> <p>Points are deducted if the work was not completed within the time specified.</p> | 15 |
| <p>3. Safety on the job</p> <p>Points are deducted if the employee does not use safe work habits on the job.</p> | 15 |
| <p>4. Neatness of work area or repair truck</p> <p>Points are deducted if the work area or truck is not clean and neat.</p> | 15 |
| <p>5. Cooperation with fellow workers</p> <p>Points are deducted if an employee does not work well with others.</p> | 10 |
| <p>6. Courtesy on the job and with the public</p> <p>Points are deducted if an employee is rude and unpleasant with the public.</p> | 10 |
| <p>7. Appearance</p> <p>Points are deducted if an employee does not wear standard work clothing or if it is sloppy and dirty at the shift's beginning.</p> | 10 |

8. Tardiness/excessive absenteeism 10

Points are deducted if an employee arrives late or is absent for causes other than illness or death in the immediate family.

Total points 100

The list of categories used to evaluate the plant/field supervisors is slightly different.

Each employee begins the year with 100 points. If an infraction in any of the categories is observed, 1–5 penalty points can be assessed for each infraction. Notification is given to the employee indicating the infraction and the points to be deducted. A worker who is assessed 25 points in any one month or loses all the points in any category in one month is subject to immediate review. Similarly, if an employee drops below 40 points, a review is scheduled. The general supervisor meets with the employee and the employee's plant/field supervisor at this review.

If an employee has no infractions during the month, up to 12 points can be restored to the employee's point total – 2 points each for categories 1–4 and 1 point each for categories 5–8. However, at no time can a worker have more than the maximum allowed in each category or more than 100 points in total.

When Horn first introduced PERS to the general supervisors, they were not sure that they liked the system. Horn told them how well it had worked where she had used it before. Horn's enthusiasm for the system and her likeable personality convinced the general supervisors that they system had merit.

There were a few isolated problems with the system in the first two months. However, Larry Cox, a crew worker, is very unhappy with the new system as evidenced by his conversation with Bob Cambron, a fellow crew worker.

Cox: Look at this notice of infraction – I have lost 22 points! Can you believe that?

Cambron: How did your supervisor get you for that many points in such a short time?

Cox: It's all related to that bad storm we had two weeks ago. He disagreed with me on the work at Del Park and Madeline Court. It was dangerous, and I probably did fly off the handle. It was late at night and I had been working 15–16 hours straight. Look what he got me for: 5 points for lack of cooperation, 5 points for a dirty uniform, 5 points for a messy truck, including lunch bags and coffee cups in the cab, 4 points for slow work, and 3 points for being 10 minutes late the next morning. Can you imagine that being docked for 10 minutes when I worked a double shift the day before? I didn't get home until 1:00 a.m. I even cleaned the truck up after he left that night – on my own time, no less!

Cambron: At least you won't get reviewed.

Cox: Sure, but I bet he planned it to come out less than 25 points.

Cambron: Boy, we worked ourselves to a frazzle that night and the next two days. You know, one of the guys over in substation 3 told me that his supervisor adds back points to their PERS reports over and above the normal monthly allowances.

Cox: Well, don't that tell you what a screwy deal this whole PERS system is?

Questions and Answer to Case: Bordon Electric

Question 1: Without regard to Larry Cox's recent experience with the system, evaluate the PERS in terms of its:

- (a) **Design for a performance management and appraisal system.**
- (b) **Value as a motivation device.**

Answer: (a) The categories in the PERS: quality, productivity (really timeliness), safety, neatness, cooperation, courtesy, appearance, and attendance are obviously important elements of performance. Students might quarrel with the weightings for each - some are weighted 15 while others are weighted 10 - but the dimension themselves seem to cover most performance territory.

However, the point system is obviously designed to catch and penalise wrongdoers - much like the highway patrol treats speeding drivers. Unacceptable job behaviours are pinpointed and counted - too many "demerits" and the employee is in trouble.

The system fails to identify outstanding job performance, and even fails to identify satisfactory achievements. This puts the supervisors in the “watchdog” rather than the “coach” role. The supervisors are in the “caught you!” mode, looking for (and therefore expecting) errors to document for PERS. All of the rater errors are still possible threats to fair treatment.

(b) This programme is all “stick” and no “carrot”. Adequate performance (no demerits) is assumed by PERS, and this is likely to be an unreasonable assumption. Employees are motivated to not make errors large enough to be “caught” and are provided no structural motivation to perform above average. Since being “caught” or having points deducted may be somewhat random - just as many speeders are not given tickets although speeding - a motivational analysis of this programme should identify these and other problems related to the employee and those in (a) relating to the motivation of the supervisors.

Question 2: What problems might occur in the administration of the PERS system, and how might these administrative problems affect employee motivation? Explain your answer.

Answer: Cox’s incident demonstrates how points may be deducted arbitrarily and inconsistently. Five different categories of performance were rated down on the basis of one incident. Cox’s supervisor “threw the book” at him, affecting every category that might be related. Another supervisor may have made the point with Cox by identifying the category that most closely related to the argument - perhaps cooperation. Inconsistent administration of such ratings might lead not only to a lack of positive motivation, but might lead to accusations of unlawful discrimination. Inconsistencies might not only relate to which and how many categories are affected, but to how many points are deducted as well. Again, all the rater errors discussed in the chapter are possible in such a situation.

Somewhere within the performance management system there needs to be some positive reinforcement of outstanding/superior performance. Reinforcement theory suggests that reinforced behaviour is often repeated; PERS lacks any recognition of excellent performance.

Question 3: Could a similar PA system be set up to evaluate work crews on a team basis? How?

Answer: A team approach might best be developed from team input. The chapter discusses useful team development steps. Step one might involve cross-functional task groups focused upon PA design, implementation, and evaluation. Step two should involve the setting of important concerns and objectives that such a system would address. Step three would identify the dimensions or categories of performance - that might be the only strength of the PERS program. However, it would be important that the team define and identify the dimensions so that there will be an employee “buy-in” to the PA. Step four would include the preparation of guidelines and procedures that support the objectives.

The inclusion of employee input should not only produce a better PA system, but would be a learning process during which the whole concept of team performance

could be more carefully understood and defined.

CASE STUDY

Is no news good news?

It is lunch time, and Ntombi is sitting in the cafeteria. She looks very disheartened. She has just had her performance appraisal interview, and her supervisor indicated during the interview that there are numerous areas where she is not meeting performance expectations. She does not understand this. She joined her section one year ago and she assumed that her work was satisfactory because her supervisor never told her that it wasn't. She completed all the tasks that everyone gave her. She tells her colleague Sean that she is puzzled: "Don't you agree that no news is good news? I never imagined in my wildest dreams that my supervisor would think I was useless". Sean replies: "I'm sure he doesn't think that you're useless! But my supervisor does things differently. She gives us feedback every month and we have a formal review twice a year. That system really helps me to stay on track, and there are no nasty surprises at our performance reviews."

"You are so lucky, Sean", says Ntombi. "I feel totally lost. I don't know where to start or what to do to improve my performance. It feels as if nothing that I do will make a difference". Just then Veronica joins Sean and Ntombi, and asks them what they are talking about. They tell her that they have both had their performance interviews that morning, and are discussing the outcome. Veronica lets out a sigh of relief. "Luckily my supervisor does not believe in that rubbish! It's a complete waste of time just a paper exercise. Nothing ever comes of performance appraisals – it is just empty talk!"

Questions and Answers to Case: Is no news good news?

Question 1: Is there any truth in the beliefs of Veronica and her supervisor?

Give reasons for your answer.

Answer: Performance appraisal is an ongoing process of evaluating and managing both the behaviours and outcomes of employees in the workplace. The system must be perceived as valuable by to management, and the results must be linked to the company's overall strategy. Veronica and her supervisor probably do not understand

the importance of performance appraisal and what its purpose is. It is a way of measuring employees' performance, and this information can have an influence on their remuneration as well as an impact on the company's training effort.

Question 2: Is Ntombi correct in assuming that no news is good news? Should this situation have been handled differently by her supervisor and his superiors? Give reasons for your answer.

Answer: No, Ntombi is not correct in her assumption. The employee should be made aware of the type of performance appraisal system that the company use and he/she should be informed about the procedure, frequency and how the whole system works. Ntombi's supervisor should have given her feedback on a regular basis that would have afforded her the opportunity to improve her performance. In addition, Ntombi does not seem to know exactly what is expected of her. The supervisor should be properly trained, and should keep record of all aspects related to Ntombi's performance. She should be given regular feedback, and if she is not performing, corrective measures, such as training interventions, should be introduced. Ntombi could also keep a record of things such as compliments from internal and external customers, or proof that she has performed well. Ntombi also needs a proper job description. The whole purpose of performance appraisal should be explained in detail to all the staff members, and they should understand why it is important. In Sean's case it seems as if his supervisor explained the system and process to him he seems to be very happy with the process. All staff members in the company must receive information about this, and they should be trained in using the system. Proper training of all supervisors may contribute to eliminating some of the rater errors that can occur during this process.

Question 2: If Ntombi one day becomes a manager and has to conduct performance appraisals, what would you advise her to?

Answer: It is important that Ntombi should realise how important performance appraisals are. The company must see to it that proper job descriptions are in drawn up. A Performance appraisal system must be designed that will be suitable for the different levels within the organisation. Employees should be informed about the

interviews that will take place at regular intervals and they should provide for interventions to rectify any shortcomings. Perhaps individuals will also have to be redeployed if they do not adjust to the job. Employees should also understand how the appraisal process ties in with the overall goals of the company. She will first have to prepare for the interview by gathering all relevant records, make notes to guide the discussion, and set a date for the appraisal. She will have to ensure that she gives the employee enough time to prepare for the appraisal as well. At the start of the appraisal interview, she should state the purpose of the appraisal clearly and this should be known to the employee in advance. She should also point out both areas of good and poor performance, and not just concentrate on poor performance. She should invite the employee to participate in the discussion. If the employee's performance was not up to standard, he/she must be given the opportunity to explain why. The main focus should be on development, and so Ntombi should work with the employee to formulate a development plan that will help the employee to improve his/her performance. If supervisors are positive about performance appraisals, this may have a huge influence on employees and their attitudes. Performance appraisals should not be seen as an exercise during which the supervisors get the opportunity to tell the employees what they are doing wrong, and there should not be any surprises during this interview. All aspects should be documented properly, and feedback supplied to the HR department for recordkeeping purposes and further action.

Experiential Exercises

1. INDIVIDUAL: IT'S GREAT TO BE LOYAL - BUT WHAT DOES IT MEAN?

Purpose

To recognise the difficulty of performing a valid PA using a trait-oriented form that includes vague and subjective personal traits.

The task

Listed here are a number of traits taken from PA forms used in a variety of organisations. Write a one-sentence definition for each trait that is related to performing a job. As an example, the first item, 'initiative', has been completed. Your instructor may lead a discussion concerning your definitions in class.

1. Initiative: Seeks better ways to do the job without being asked.
2. Cooperation:
3. Judgement:

4. Sensitivity:
5. Effort:
6. Dependability:
7. Attitude:
8. Leadership:
9. Tact:
10. Loyalty:

Re-word three of these traits in behavioural terms that may be used for a more objective appraisal.

2. GROUP: REVIEWING THE PRESIDENT OF SOUTH AFRICA

Purpose

To recognise how multiple raters may rate the same person differently, to experience the difficulty of rating someone whose performance you do not often observe directly and to practise team appraisal using a rating form.

The task

By using the items listed below, rate the President of South Africa on a scale of 1-5. Remember, the President is a public servant and, therefore, works for us.

| Items | Scale | | | | |
|---------------------------------|-------|---|---|---|-----------|
| | Poor | | | | Excellent |
| Communication skills | 1 | 2 | 3 | 4 | 5 |
| Demonstrates tact and diplomacy | 1 | 2 | 3 | 4 | 5 |
| Personal effort | 1 | 2 | 3 | 4 | 5 |
| Promotes teamwork | 1 | 2 | 3 | 4 | 5 |
| Punctuality | 1 | 2 | 3 | 4 | 5 |

Form into small groups in class and attempt to reach a consensus on each of the five rating items. Your goal is to come up with a team rating on which all team members can agree.

Each team should report its group rating, and your instructor should list each of the teams' ratings so that a comparison can be made. Discuss whether the teams rated the President similarly and why.

Discuss which of the five items was most difficult to rate. Why did you have difficulty? Was it due to the rating form itself or to some other problem?

Discuss whether the rating form covered all of the important aspects of the President's job.

Answers to Experiential Exercises

1. INDIVIDUAL: IT'S GREAT TO BE LOYAL – BUT WHAT DOES IT MEAN?

Purpose

To recognise the difficulty of performing a valid appraisal using a trait-oriented form that includes vague and subjective personal traits.

This is a simple exercise that can be assigned as a homework assignment, then used as a springboard for class discussion. Students will demonstrate a high degree of variation on what “loyalty” or “attitude” means to them. Recognising the variation makes the point that supervisors would likely vary just as much when using a rating form. Students will see the problem when deciding whether to include various factors within each dimension/word. If they get specific and detailed a form using that term would become cumbersome. If they leave the term vague, variations leading to misunderstanding and inconsistency will occur. Guest speakers might be asked what the term might mean at their workplace.

2. GROUP: REVIEWING THE PRESIDENT OF SOUTH AFRICA

Purpose

To recognise how multiple rates may rate the same person differently, to experience the difficulty of rating someone whose performance you do not often observe directly, and to practice team appraisal using a rating form.

We have used this simple exercise for over a dozen years and have always had lively class discussion as a result - regardless of who is the President. Rating President Zuma (or a successor) is fun for students, who often will split into supporter and detractor groups. Student bias and differing perspectives can provoke a real “learning opportunity” concerning rating and the ambiguity of rating forms. Wide variations should be expected - multiple raters not agreeing upon a single ratee’s performance!

Step 2 of this exercise becomes a real challenge to consensus building. Once the individuals have marked the 10 ratings, they will often simply average the ratings once placed into the team situation. This becomes a learning point itself, since the average of ratings represents no one’s true judgement. Attempt to get students to approach a consensus on as many of the 10 dimensions as possible, so that the group ratings will indeed represent the group.

The extreme scores of individual ratings can be compared to the, often more moderate, final team ratings. Get the students to identify which of these 10 dimensions is easiest, and hardest, to rate. As another variation, the teams could propose another rating approach, or could specify who would be appropriate as a rater(s) of the President.

Answers to Review Questions

Question 1: What are the major purposes and general objectives of PA?

Answer: There are two main objectives of an effective PA system. Evaluative objectives directly look back at past performance, while developmental objectives directly focus forward upon future performance. Many weaker PA systems only serve evaluative objectives, as demonstrated by rating scales and other evaluative approaches.

Question 2: How are PA and performance management different?

Answer: Performance appraisal traditionally has referred to a narrower activity than performance management. PA focuses upon a certain approach, such as MBO or rating scales, and some schedule of reviews and administration often managed by HR departments. Performance management is a newer and broader concept that includes PA as only one part of a larger system of monitoring and managing all of the performances of employees. Other parts, such as reward systems, job design, organisational structure, and training are equally important to the final overall performances on an organisation. As companies reengineer their organisations, the performance management approach is more integrative of important management functions.

Question 3: What are the steps in the appraisal process?

Answer:

- 1st determine the performance requirements
- 2nd choose an appropriate PA method
- 3rd train the supervisors or other raters
- 4th discuss the method(s) with employees
- 5th appraise according to job standards (predetermined work requirements)
- 6th discuss appraisal with the employee/ratee
- 7th determine future performance goals (which is similar to the 1st step)

Question 4: Describe the major methods used in PA systems.

Answer:

- (1) **Category rating methods**
 - Graphic rating scale/nongraphic rating scale
 - Checklist of critical incidents
- (2) **Comparative methods**
 - Ranking
 - Force distribution
 - Paired comparison
- (3) **Narrative methods**
 - Critical incident

- Essay
- (4) **Behavioural/objective methods**
- Behavioural rating approaches
 - Management by objectives (MBO)
- (5) **Combinations are also used**

Question 5: What are the major problems associated with many PA systems?

Answer: Each of the major methods has a different weakness. However, most are prone to rater errors such as supervisor bias, halo (and devil's horns) effects, central tendency, leniency, strictness, recency, and overall (or global) ratings. These can lead to legal problems.

Absolute standards systems, such as rating forms, are weakened by ambiguity and lack of specificity. Other such systems, like MBO, tend to focus on factors that are quantifiable, whether or not they are important. Comparative standards generally assume a bell-shaped distribution, which is rarely true in small groups. Almost all methods lack developmental guidance.

Supervisors and other raters have role conflicts between playing "god" and coaching -evaluating and developing, and often dislike performing their PA functions. Training of raters is often ignored or given insufficient attention.

Another important weakness is the lack of integration of the PA method chosen with the other HR aspects such as pay, promotions, and job assignments. A broader, performance management system, would integrate these and create better consistency and predictability.

Question 6: What can raters do to ensure that PA interviews are productive and helpful to both the employee and the organisation?

Answer: Considering the extreme behaviours which can result from insensitive and thoughtless interviews, and considering that feedback is important to all employees some guidelines can be helpful. In general, using the problem-solving approach is best. The following are some additional guidelines:

1. Prepare for the interview.
2. State the purpose of the particular interview - what it is and is not.
3. Indicate the specific areas of good performance and areas that need improvement.
4. Invite participation - and listen.
5. Focus upon development - and the future.

Question 7: Should employers monitor the performance of their employees secretly?

Answer: This is a controversial issue that must be carefully dissected. Already almost one-fourth of all employers occasionally use electronic means to monitor employees, and technology makes such monitoring increasingly easy. Employers

contend that they can accomplish two purposes: one, more accurately gauge worker performance; and two, protect themselves from illegal activities of employees (such as theft). Unions feel that “techno-stress” is worsened by such surveillance. Workers have pointed out offensive examples of surveillance that seem to serve no legitimate purpose. Everyone has some level of expected privacy, which is constantly changing due to technology. Legislation to limit employee surveillance may well simplify or complicate the boundaries in the future.

Question 8: What is the best way to perform a PA on a work team or an autonomous work group?

Answer: Involving teams in the PA process from the beginning is the best idea. Step one would involve using cross-functional task groups focused upon PA design, implementation, and evaluation. Step two should involve the setting of important concerns and objectives that the PA system will address. Step three is focused upon identifying the dimensions or categories of performance. It is important that the team define and identify the dimensions so that there will be an employee “buy-in”. Step four would include the preparation of guidelines and procedures that support the objectives.

Team performance, not individual performances, should be the focus of any team appraisal. Team outcomes (such as safety record, production output, and quality) must become the focus of all related performance management systems to ensure a true team orientation. Many so-called TQM and other team programmes have failed to focus their performance management systems upon the team, possibly dooming the success of their teams.

Question 9: What is the system appraisal that many TQM advocates prefer, and how is it different from standard PA programmes?

Answer: Deming, the father of TQM, lists the PA as one of the “seven deadly diseases” of management. TQM advocates say that the PA hurts firms because it misdirects management attention. Instead of trying to “prove” that lower level employees are to blame for problems, managers should spend their time on systems assessments - examining group and organisational levels rather than individual levels of performance. “System factors” (not “person factors”) are seen as the causes of success or failure. Therefore, the most extreme TQM advocates suggest totally ending the traditional PA practices. Less extreme TQM supporters suggest at least 6 recommendations:

1. Train raters in person and system factors.
2. Performance ratings should be collected from multiple raters.
3. Interviews should focus on system and person factors that are performance barriers.
4. Individual differences should be minimised instead of highlighted.
5. Follow group-based, rather than individual-based, approaches.
6. Performance measures should be tailored to the specific organisation.

Question 10: Write five MBO objectives for an individual selling computers at a computer "superstore". How would you weight each objective in

terms of the overall performance of the salesperson?

Answer: Students should be able to identify some general sales objectives (even if they are unfamiliar with a computer superstore - any large department store would do). Depending upon the niche and mission of the store the following objectives may be used:

1. Increase the number of customers served by 10% over last year;
2. Attend at least 4 vendor training sessions during the year to increase product knowledge;
3. Increase overall gross sales 10% over last year's level to R220,000;
4. Maintain display attractiveness at a supervisory rating of 9; and
5. Decrease customer returns and customer complaints by 5% compared to last year.

The weighting step would consist of putting some weight (or percentage) on each objective. If each were equal in importance, then a weight of .20 (20 percent) would be used. Students should differ somewhat in what they think is most important for this sales job - and perhaps so would different store managers!

ADDENDUM A TO INSTRUCTOR'S MANUAL

The following documents are included here:

- (1) Twelve-factor approach to improving performance in business: basic needs for business performance
- (2) An example of the nongraphic form of rating scale
- (3) An example of an essay rating method

(1) TWELVE-FACTOR APPROACH TO IMPROVING PERFORMANCE IN BUSINESS: BASIC NEEDS FOR BUSINESS PERFORMANCE

| | Goals | Design | Management |
|--------------------------|--|--|--|
| Organisation performance | <p>Organisation goals</p> <ul style="list-style-type: none"> • Have the organisation's Mission, Vision and Strategy been defined and communicated? • Does the strategy make sense, in terms of the external threats and opportunities and the internal strengths and weaknesses? • Is the strategy aligned with the culture of the organisation? • Given the strategy, have the required outputs of the organisation and the level of performance expected from each output been determined and communicated? | <p>Organisation design</p> <ul style="list-style-type: none"> • Are all relevant functions in place? • Are there unnecessary functions in place? • Is the current flow of inputs and outputs between functions appropriate? • Does the formal organisation structure support the strategy and enhance the efficiency of the system? | <p>Organisation management</p> <ul style="list-style-type: none"> • Have appropriate function goals been set? • Is relevant performance measured? • Are resources appropriately allocated? • Are the interfaces between functions being managed? |
| Process performance | <p>Process goals</p> <ul style="list-style-type: none"> • Are key business processes identified? • Are process goals defined and clearly linked to customer and organisation requirements? | <p>Process design</p> <ul style="list-style-type: none"> • Has a specific owner been appointed for each key process? • Is each key process the most efficient and the most effective for accomplishing the process goals? | <p>Process management</p> <ul style="list-style-type: none"> • Have appropriate process sub-goals been set? • Is the performance of each key process being measured and managed explicitly? • Are sufficient experienced and skilled resources allocated to improving each key process? • Are the interfaces between steps in each key process being monitored and managed? • Are traditional barriers to change being allowed to delay improvement? |
| Team performance | <p>Team goals</p> <ul style="list-style-type: none"> • Are team goals (purposes, outputs, measures and standards) defined and clearly linked to process requirements, which are in turn-linked to customer and organisation requirements? | <p>Team design</p> <ul style="list-style-type: none"> • Are team activities focused on producing meaningful units of work that will meet the team's purpose, outputs and standards? • Have team supplier/customer boundaries, accountabilities and decision-making authorities been defined? • Do the team structure and skills mix help in accomplishing the team goals? • Are the team's activities, priorities and structure designed around the key process of their business unit? | <p>Team management</p> <ul style="list-style-type: none"> • Do team members understand and support the team goals, planning and progress monitoring? • Is communication and feedback being used to manage team performance appropriately? • Are sufficient resources available to accomplish team goals? • Are all team leaders and team members competent in both teamwork and process improvement skills? • Is conflict between operating team priorities and process improvement team priorities being appropriately managed? • Is all available business information being used to spot team performance improvement needs? |
| Job performance | <p>Job goals</p> <ul style="list-style-type: none"> • Are all job goals (purpose, outputs, measures and standards) defined and clearly linked to team requirements, which are in turn linked to customer, organisation and process requirements? | <p>Job design</p> <ul style="list-style-type: none"> • Are process and team requirements reflected in the appropriate jobs? • Have supportive policies and procedures been developed? • Are jobs designed to make it easy for the performers to meet job goals? • Does the work situation (environment, equipment and clothing) minimise accident and health risks? | <p>Job performer management</p> <ul style="list-style-type: none"> • Do the job performers understand the job goals (outputs they are expected to produce and the standards they are expected to meet)? • Are the performers given clear priorities, the signals, resources and feedback to enable them to achieve their job goals? • Are rewards sufficient for the performers to want to achieve their job goals? • Do the performers have the necessary capacity, knowledge and skills to achieve the job goals? • Is there sufficient forward cover for business changes, turnover, transfers and promotions? |

Source: Michael Renton, 'Putting the ideas to work: improving performance in business', *People Dynamics* 16(7) (July 1998), 21. Reprinted with kind permission of the South African Institute of People Management (IPM).

(2) AN EXAMPLE OF THE NONGRAPHIC FORM OF RATING SCALE

| XYZ COMPANY | | | | | | | |
|---|---|---|---|---|--|------------------|---------|
| SECTION 1 | | | | | | | |
| ASSESSMENT OF PREVIOUS OBJECTIVES | | | | | | | |
| OBJECTIVES SET DURING PREVIOUS FULL APPRAISAL | | PERFORMANCE STANDARDS AGREED | | | TARGET DATE | RESULTS ACHIEVED | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| SECTION 2 | | | | | | | |
| GENERAL PERFORMANCE FACTORS | | | | | | | |
| FACTORS | | | | | | SCORE | REMARKS |
| | | Consider employee's ability to produce work free from errors. Is employee neat and accurate? | | | | | |
| 1.QUALITY OF WORK | Quality of work is excellent and consistently above the required standard. Mistakes are virtually unknown. 5 | Quality of work is sufficiently above standard to be noticeable. Mistakes are few. 4 | Quality of work is of required standard. 3 | Quality of work is not up to standard. 2 | Quality of work is very poor. 1 | | |
| | | Consider the amount of work produced in a given time. The pace at which a task of known difficulty is completed. | | | | | |
| 2. WORK OUTPUT (QUANTITY) | Consistently completes all tasks significantly before time and uses spare capacity to develop and improve procedures/systems 5 | Output is above prescribed standards. 4 | Completes all tasks within the required time framework for the position. 3 | Tasks often not completed within required time framework for the position. 2 | Tasks never completed within required time framework. 1 | | |
| | | Consider knowledge of work. Present knowledge of job and work related to it. Specialised knowledge in his/her particular field. | | | | | |
| 3. JOB KNOWLEDGE | Job knowledge is more than adequate for requirements of the position/specialised knowledge - could be regarded as authority in that field. 5 | Job knowledge is above requirements for the position and has knowledge of other relative jobs in department. 4 | Job knowledge is sufficient to carry out all tasks. 3 | Insufficient job knowledge in certain aspects/still learning. 2 | Superficial knowledge/ requires comprehensive training. 1 | | |

An example of the nongraphic form of rating scale (contd)

| FACTORS | | | | | | SCORE | REMARKS |
|-------------------------------|--|---|---|---|--|-------|---------|
| | Consider employee's attitude to safety regulations. Safety mindedness? Housekeeping? | | | | | | |
| 4. HOUSEKEEPING | Thoroughly safety conscious and observes regulations. | Safety conscious and occasionally takes steps to prevent accidents. Keeps workplace clean. | Personally safety conscious but takes no steps to prevent accidents. Housekeeping average. | Conforms with regulations only under supervision. Needs constant reminding about state of workplace. | No regard for safety measures or housekeeping. | | |
| | 5 | 4 | 3 | 2 | 1 | | |
| | Consider the ease with which the employee learns new methods in his/her own job and jobs related to it. | | | | | | |
| 5. ABILITY TO LEARN | Has absolute ability to adapt and learn new tasks and routines quickly with no instructions. | Has the ability to adapt and learn new tasks and routines quickly with minimal instruction. | Has ability to adapt and learn new tasks and routines with normal amount of instruction. | Has fair ability to adapt and learn new tasks and routines but requires higher degree of instruction. | Has little ability to adapt and learn. | | |
| | 5 | 4 | 3 | 2 | 1 | | |
| | Consider common sense, ability to grasp a situation and draw correct conclusions. Has employee a dependable judgement under stress? Is he/she hasty, biased, erratic? | | | | | | |
| 6. PERFORMANCE UNDER PRESSURE | Can make instant decisions relative to job/consistently meets all job requirements under normal and fluctuating output demands of the job. | Can make decisions quickly/usually meets all job requirements under normal and fluctuating output demands of the job. | Can make required decisions with little or no difficulty/and copes with the normal output demands of the job. | Difficulty in making required decisions, often unable to cope. | Cannot make decisions. Cannot cope. | | |
| | 5 | 4 | 3 | 2 | 1 | | |
| | Consider dependability of employee in the execution of all his/her duties. Does he/she carry his full share of responsibility? Consider ability to work for and with others. Attitude in acting jointly with associates and supervisors for the benefit of the unit. | | | | | | |
| 7. DEPENDABILITY/ COOPERATION | Highly dependable and responsible. Greatest possible cooperativeness. | Very dependable, responsible, willingly cooperates. | Dependable, responsible in terms of job. Cooperative. | Occasionally fails to carry out responsibilities/uncooperative. | Irresponsible and uncooperative. | | |
| | 5 | 4 | 3 | 2 | 1 | | |
| RATING SCORES TOTAL | | | | | AVERAGE SCORE | | |

(3) AN EXAMPLE OF AN ESSAY RATING METHOD

| APPRAISAL INTERVIEW | | Hoechst  |
|---|---|---|
| 1.0 Personal data | | Hoechst S. A. (PTY) LTD. |
| 1.1 Employee | | |
| Surname _____ | First name(s) _____ | |
| Date of birth _____ | Joined company: ____/____/____ | |
| Division/Department _____ | | |
| 1.2 Superior | | |
| Surname _____ | | |
| First names(s) _____ | | |
| Job title _____ | | |
| Employee reports to superior since: _____ | | |
| 2.0 Job title and duties of the employee | | |
| 2.1 Job title _____ | | |
| 2.2 Present area of responsibility (contents, scope, purpose) | | |
| 2.2 Since: _____ | | |
| 2.4 Duties in detail | | |
| (State the most important duties in order of importance and estimate their percentage in relation to total working time.) | | |
| _____ | <input type="text"/> <input type="text"/> % | |
| _____ | <input type="text"/> <input type="text"/> % | |
| _____ | <input type="text"/> <input type="text"/> % | |
| _____ | <input type="text"/> <input type="text"/> % | |
| _____ | <input type="text"/> <input type="text"/> % | |
| _____ | <input type="text"/> <input type="text"/> % | |
| _____ | <input type="text"/> <input type="text"/> % | |
| _____ | <input type="text"/> <input type="text"/> % | |

(contd)

An example of an essay rating method (contd)

3.0 CHARACTERISTICS OF WORKING STYLE

Emphasise particularly pronounced characteristics of the employee. Clearly indicate his/her strengths and potential for improvement.

QUALIFICATIONS – Knowledge and ability: e.g. knowledge in the area of responsibility and adjoining areas – independence in the execution of tasks – solving of complex tasks – quick grasp of situations – flexibility and ability to adjust to new areas – thoroughness and methodical approach to work.

KNOWLEDGE

ABILITY

MOTIVATION – initiative and working capacity: e.g. suggestions for improvement – independent developments – handling of larger assignments and unusual work situations.

INITIATIVE

WORKING CAPACITY

COOPERATION – cooperation with and understanding of others: e.g. cooperation with peers, staff and outsiders – reception and passing on of information – understanding and empathy – adequacy of influence of others.

COOPERATION

UNDERSTANDING OF OTHERS

(contd)

An example of an essay rating method (contd)

| | |
|------|--|
| 4. | ADDITIONAL QUALIFICATIONS e.g. scientific, technical, commercial, organisational skills – managerial qualifications – special knowledge, also outside area of responsibility. |
| 5.0 | Special aptitudes |
| 6.0 | Work objectives, goals, training and development – action programme. |
| 7.0 | Special conditions to consider |
| 8.0 | Comments on the Appraisal |
| 9.0 | Date of the discussion _____ Signature of the immediate superior |
| 10.0 | _____ Signature of the employee |
| 11.0 | Date _____ Signature of next in charge |

(contd)

An example of an essay rating method (contd)

| THE STRUCTURE OF THE APPRAISAL FORM | |
|---|---|
| <p>1. Personal data</p> <p>2. Area of responsibility and activities of the employee In this section the present field of duty and, if necessary, the job title of the employee is stated. The area of responsibility is to be divided into the most important activities. These are then described as explicitly as possible and mentioned in sequence of importance. In addition please estimate the percentage of total working hours spent on the individual activities. This estimate should be made irrespective of the importance of the different activities and mutually agreed upon between superior and employee.</p> <p>3. Characteristics of working style In this section the characteristics of the working style should be mentioned, i.e. the way in which the employee performs his duties should be made clear. The purpose is a better understanding of the possibilities and limitations involved in the performance of the duties by the employee and superior alike. This perspective forms the basis for changes in the areas of responsibility and of the task orientation.</p> <p>3.1 Criteria Working style depends essentially on the qualifications, motivation and cooperation of the employee. These three interwoven qualities are distinguished by the following separate criteria: knowledge and ability, initiative and working capacity, cooperation and understanding for others. With the help of these criteria an attempt should be made to grasp the characteristics of each individual working style, by estimating the depth of each criterion. A combination of the different estimates result in producing a profile of the working style of the employee.</p> <p>3.2 Nature of the estimate For an open and fair appraisal it is essential to differentiate between the individual criteria. The individual's strengths and potential for improvement should be clearly described here. Remember, the purpose of this discussion is to motivate good performance in the interest of both the individual and the company.</p> <p>3.3 Joint discussion The joint discussion of the characteristics of the working style helps ten employee reach a better understanding of his duties and gives him a better insight concerning this possibilities and limitations. The superior gets to know his employee better, acquiring a basis for his optimal development.</p> <p>4. Additional qualifications In this section additional qualifications of the employee should be discussed, especially his aptitude for taking</p> | <p>over future managerial duties and, if applicable, the qualifications in the current management position should be addressed. Knowledge and abilities outside the area of responsibility and the narrower professional scope can also be discussed.</p> <p>5. Special aptitudes The statements about the area of responsibility, the characteristics of the working style and about the specific knowledge and abilities necessarily lead to considerations of the professional and personal development of the employee. In this space the specific aptitudes of the employee is his area of responsibility and with a view towards his further development should be summed up. Again a <i>written</i> statement is expected.</p> <p>6. Work objectives, goals, training and development - action programme One of the principles of staff management is to agree with the employee on duties and goals for a specific period of time. This should form part of the appraisal. It should be explained to the employee that he will be both supported in realising his professional goals and be personally assisted within the scope of the organisational possibilities of the company. In this connection recommendations can be made for appropriate and necessary measures of assistance and further training for the employee, from the point of view of management as well as that of the employee. Assistance and further training can be internal and external as well as job-related or unrelated.</p> <p>7. Special conditions to consider This point has a bearing on all parts of the appraisal. Special conditions are: e.g., setting into new areas of responsibility, special duties outside the normal scope of the job, temporary reporting to a superior in different work area, etc. Entries should only be made here if the explanations warrant special emphasis.</p> <p>8. Comment on the appraisal Conclusions reached in the appraisal interview, which received no attention up to this point, can be recorded here. If the employee wants to comment in writing, it should be noted in this part of the form. The written comment, however, should be attached separately to the form.</p> <p>9/10/11. Signatures At the end of the appraisal the signatures of the superior, the employee and the next in charge conclude the appraisal. After signing the form, later corrections are not permissible. Should the next in charge want to make changes or amendments, these must be attached to the form on a separate sheet of paper. The immediate superior as well as the employee should ten be notified.</p> |

An example of an essay rating method (contd)

| EXPLANATORY NOTES FOR THE STAFF APPRAISAL | |
|--|---|
| <p>1. Aims of the appraisal</p> <p>Superiors should discuss with their staff members their duties and development at regular intervals. The institution of the staff appraisal forms part of the personnel policy of the company.</p> <p>Staff appraisals should contribute towards:</p> <ul style="list-style-type: none">— increasing co-operation between superior and employees and establishing an open atmosphere of mutual trust;— a fair assessment of the performance of an employee;— entrusting the employee with tasks according to his abilities;— timeliness preparing the employee for future tasks; and— promoting the abilities, motivation and co-operation of the employee. | <p>His performance of them. No statements about achievement are absolutely correct. They are characterised by their relativity. They always refer to specific situations and expectations. The statements should deal with the performance of duties, not the overall personality of the employee or his character. The criterion for assessment is primarily the degree to which the employee performs his duties.</p> |
| <p>2. Principles</p> <p>During staff appraisal sessions the following principles must be observed:</p> <ul style="list-style-type: none">— In preparation for the appraisal the areas of responsibility and the separate duties should be clearly defined on the appraisal form and, under the issued criteria, the demands set by the various duties as well as the way in which they are performed, should be compared.— Future duties and goals should be considered in detail; this also applies for planned promotional measures and further education and training.— The staff appraisal is exclusively concerned with the performance of an employee within the scope of his duties.— Appraisals are conducted with all employees.— The ideas of the employees should already have been taken into account when preparing for the appraisal.— It is recommended that the appraisals should be commenced at the top management level and cascaded with downwards.— The employee can comment in writing on the statements of the superior. | <p>Since each employee has his own character and his own special working style, the staff appraisal is primarily concerned with him in respect of:</p> <ul style="list-style-type: none">— the nature of his duties; and— the manner in which he solves his problems. <p>In the process he is neither awarded "grades", nor is he ranked, nor is it determined whether he is better or worse than others. The appraisal extends only to the employee himself and how he performs his duties, the advice and assistance he receives from his superior and his ideas on how he could — for his own good as well as the benefit of the company — fulfil his task even more effectively. Ranking and comparisons between employees contradict the purpose of the appraisal.</p> |
| <p>3. Conducting the appraisal</p> <p>3.1 Frequency of the appraisal</p> <p>Frequency of appraisal will be advised from time to time. Employment for at least 6 months is essential before the staff appraisal can take place.</p> <p>3.2 Written documentation</p> <p>Staff appraisals are conducted according to the prescribed appraisal form and recorded in writing to ensure uniformity of the procedure within the company. Detailed explanatory notes are printed on the back of the form.</p> <p>It is imperative for staff appraisals to take place. Should the employee so desire, written recording of the information can be ceased after the age of 50.</p> <p>3.3 Responsibility</p> <p>The immediate superior of an employee conducts the appraisal. The next in charge can be called in at the request of the employee. The written statements on the appraisal form are countersigned by the next in charge. The desired confidentiality of the discussions, as recorded on the appraisal form, is guaranteed by the fact that the superior makes the entries personally. Typewritten entering of the information by a third person should be avoided.</p> | <p>A clear statement about the performance of his duties leaves no doubt with the employee on what the expectations and goals of the company are for him. Determining these enables the superior to compare demands with achievements.</p> |
| <p>4. Appraisal considerations</p> <p>Each employee has the right to know how his superior views his duties, and also how his achievements and future possibilities within the company are evaluated. The discussions should be conducted by both sides in an open, practical and supportive manner.</p> <p>For the appraisal to be as objective as possible, the following should be taken into consideration:</p> <p>4.1 Basis for the statements</p> <p>All statements on achievement should always be based on the determination of duties for the employee and an evaluation of</p> | <p>4.2 Possible false evaluations</p> <p>Mistakes in the comments on duties and development are possible in the appraisal. Such mistakes could amongst others be:</p> <ul style="list-style-type: none">— to apply one's own abilities and achievements as a yardstick;— to form an opinion based on one's own value-judgement, attitudes, interests, requirements and feelings;— to allow sympathy or antipathy to influence one's judgement;— to be too lenient, too cautious, or too strict;— to generalise isolated observations;— to be prejudiced as a result of first impressions or the latest impression;— to assess an achievement in one area according to achievements in other fields. <p>In all statements the development of the employee since the previous appraisal, and especially during the past year, should receive attention.</p> <p>4.3 Timing</p> <p>The superior sets the date for the appraisal well in advance (14 days before) allowing both himself and the employee the opportunity of preparing themselves. The employee also receives an appraisal form to study the details of the forthcoming discussion in-depth.</p> <p>Enough time should be allowed for the discussion to make in-depth dialogue possible.</p> <p>4.4 Comments of the employee</p> <p>The employee can comment on the statements of his superior. These comments form part of the appraisal. The employee's comments are entered on the appraisal form. Should a difference of opinion arise, the superior must strive for an elimination of the differences.</p> <p>The appraisal is concluded with the signature of the superior as well as that of the next in charge. The employer confirms on the appraisal form that he has taken note of the comments.</p> <p>4.5 Further processing</p> <p>The relevant personnel section, in conjunction with the business unit/support/staff function is responsible for the organisational side of the appraisal. The business unit/support/staff function ensures that the appraisal takes place at the time set for them and with all the employees concerned.</p> <p>The appraisal form and, where applicable, the written comments of the employee, are kept in the personal file of the employee.</p> |

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