

# MEASURE



# PERFORMANCE

# Discussion Questions

- What is performance measurement? What is performance appraisal? Why do we measure performance?
- What rating systems do we use to measure performance?
- What kinds of errors do raters make? How can we address rater errors?
- What is performance feedback? How should we share performance feedback?
- What is 360-degree feedback? What are the pros and cons of different types of ratings? What are the challenges of 360-degree feedback?

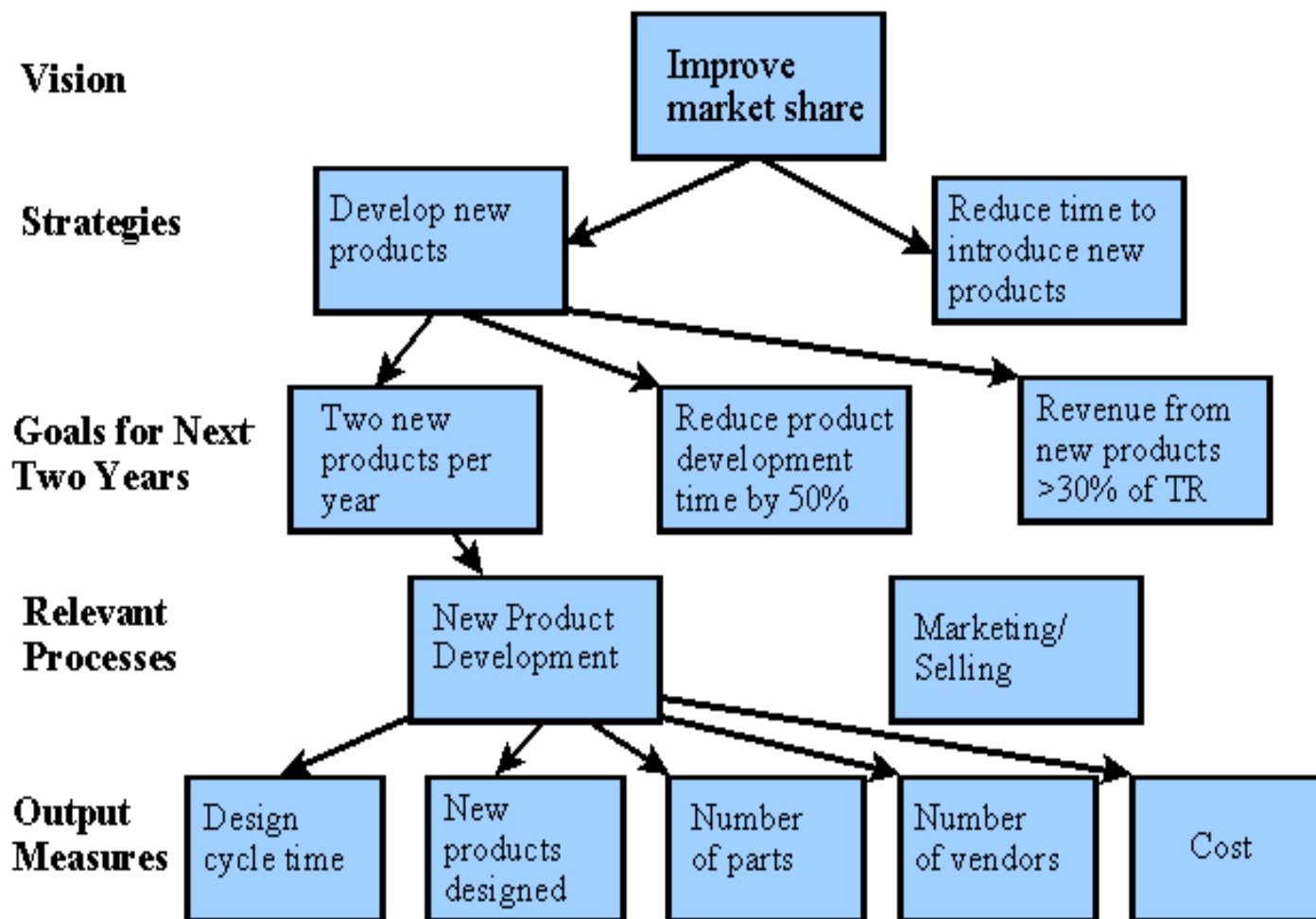
What is performance measurement? What is performance appraisal? Why do we measure performance?

# What is performance measurement?

- **Performance management:** A forward-looking process used to define and measure performance in the context of the organization's goals
- 3 components:
  1. Definition of performance
  2. Measurement tools
  3. Communication of expectations



# What is performance measurement?



# What is performance measurement?

- **Performance measurement:** The process of collecting information about the performance of individuals, groups, or the organization

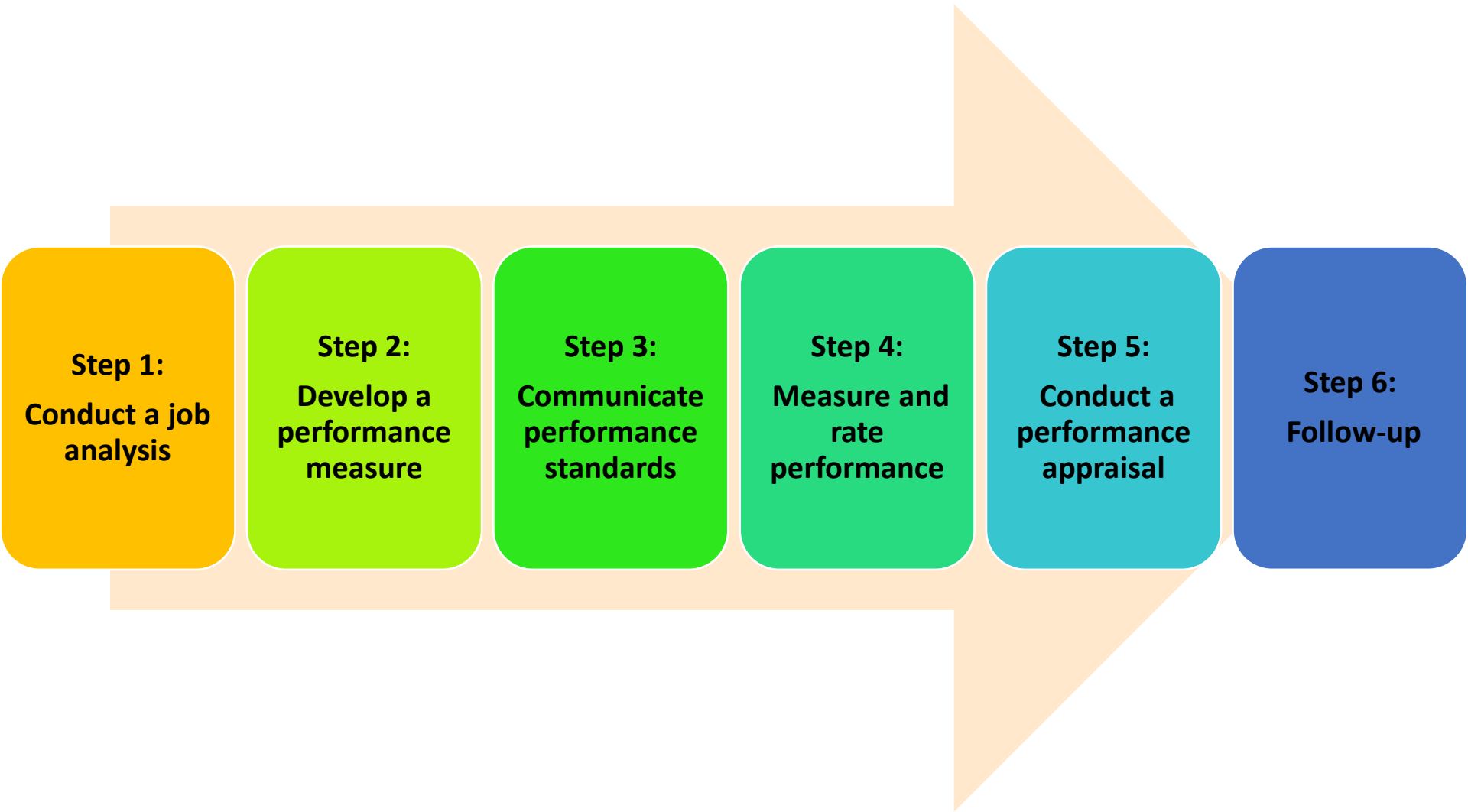


# What is performance appraisal?

- **Performance appraisal:** The process of evaluating each individual employee's job performance and providing feedback to help them improve



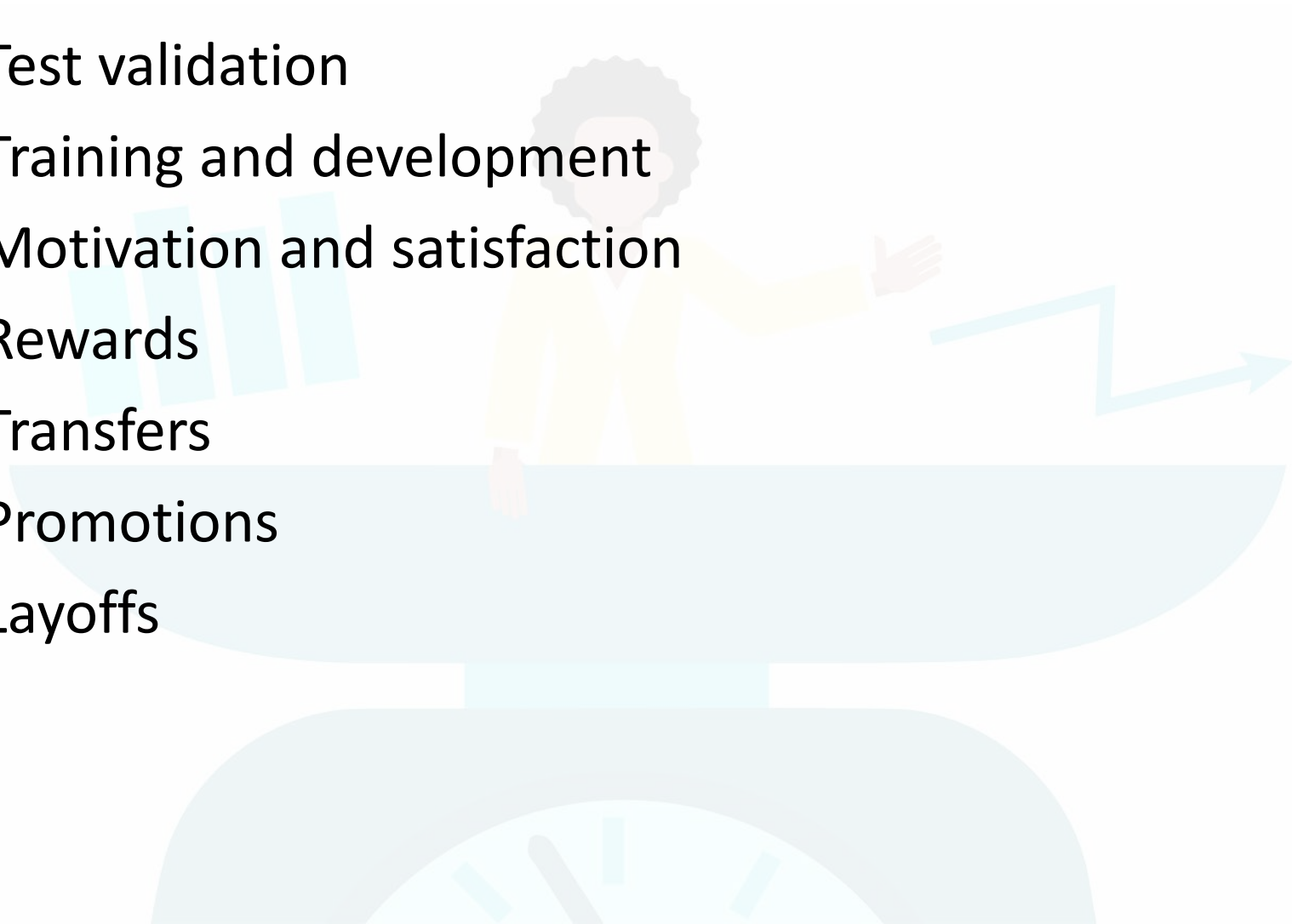
# What is performance appraisal?

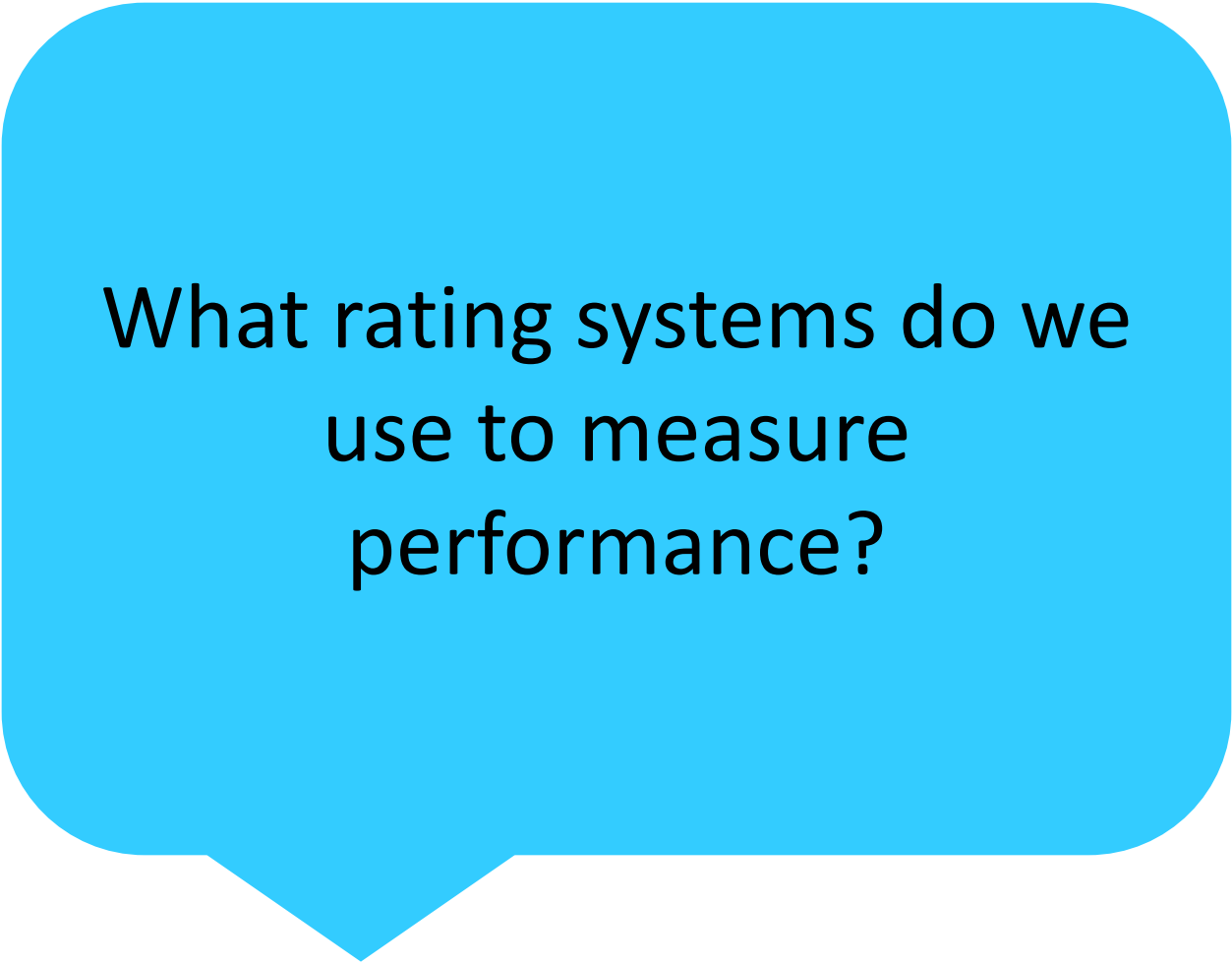




# Why do we measure performance?

- Test validation
- Training and development
- Motivation and satisfaction
- Rewards
- Transfers
- Promotions
- Layoffs





What rating systems do we  
use to measure  
performance?

# What rating systems do we use to measure performance?

## **Absolute Rating Systems**

- Graphic rating scales
- Checklists
- Behaviorally anchored rating scales (BARS)
- Behavioral observation scales (BOS)
- Critical incidents
- Narrative essays

## **Relative Rating Systems**

- Rank ordering
- Paired comparisons
- Forced distribution

# What rating systems do we use to measure performance?

- Organizational goals
- Measurement error
- Accuracy
- Psychometric characteristics
- Stakeholder reactions

# What are graphic rating scales?

- **Graphic rating scales:** Requires raters to grade performance on a scale that runs from low on one end to high on the other end
- Defines behaviors and response categories

Performance Factors	Performance Grade			
	Consistently Superior	Sometimes Superior	Consistently Average	Consistently Unsatisfactory
Quality: Accuracy Economy Neatness	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

# What are checklists?

- **Checklists:** Requires raters to mark behaviors that best (or least) describe performance
- **Weighted checklists:** Requires raters to mark behaviors with varying values or weights

Traits	Weights	Performance Ratings (Scale 1 to 5)
1. Attendance	0.8	
2. Communication ability	1.0	
3. Knowledge of job	1.0	
4. Discipline	1.5	
5. Dependability	1.5	
6. Interpersonal relations	2.0	
7. Leadership quality	1.5	
8. Integrity and honesty	1.5	

# What are checklists?

- **Forced-choice format:** Requires raters to choose two of four statements that describe performance

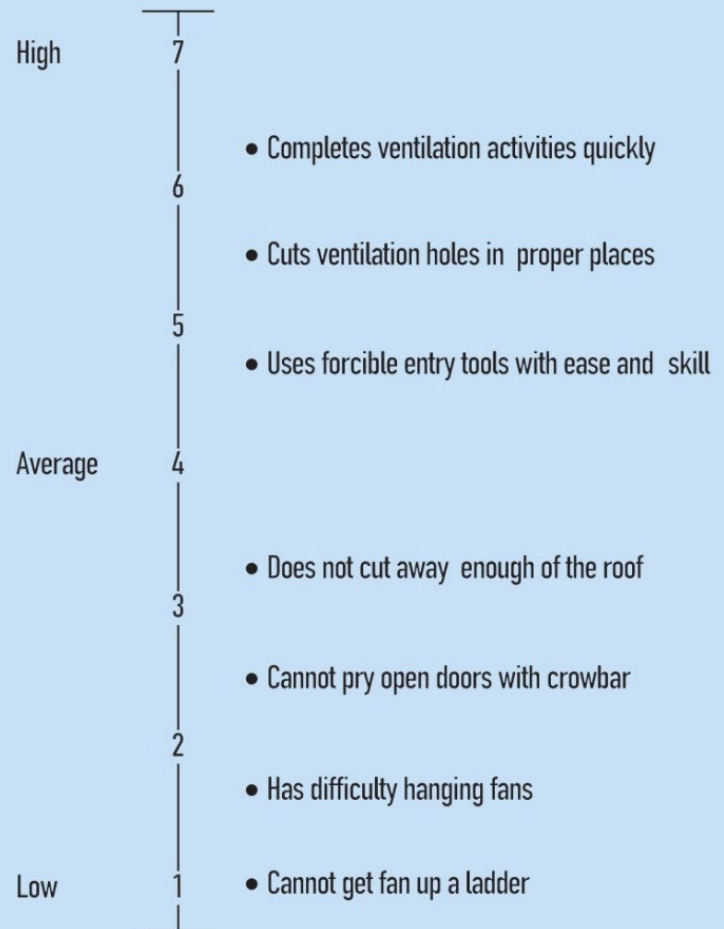
Choose the two items that best describe your instructor:

- \_\_\_\_\_ (a) Will only answer questions after class or during office hours but not during lecture.
- \_\_\_\_\_ (b) Is friendly toward students when he/she meets them outside of class.
- \_\_\_\_\_ (c) Creates a classroom environment that is conducive to discussion and questioning.
- \_\_\_\_\_ (d) Often comes to class wearing wrinkled clothing.

# What are behaviorally anchored rating scales (BARS)?

- **Behaviorally anchored rating scales (BARS):**

Requires raters to choose the behavioral anchors that describe what an employee has done (or might be expected to do) in a particular duty area





# What are behavioral observation scales (BOS)?

- **Behavioral observation scales (BOS):** Requires raters to identify how frequently an employee has been seen to act in a particular way

5 represents <i>almost always</i>	95–100% of the time
4 represents <i>frequently</i>	85–94% of the time
3 represents <i>sometimes</i>	75–84% of the time
2 represents <i>seldom</i>	65–74% of the time
1 represents <i>almost never</i>	0–64% of the time

SALES PRODUCTIVITY	ALMOST NEVER			ALMOST ALWAYS	
	1	2	3	4	5
1. Reviews individual productivity results with manager	1	2	3	4	5
2. Suggests to peers ways of building sales	1	2	3	4	5
3. Formulates specific objectives for each contact	1	2	3	4	5
4. Focuses on product rather than customer problem	1	2	3	4	5
5. Keeps account plans updated	1	2	3	4	5
6. Keeps customer waiting for service	1	2	3	4	5
7. Anticipates and prepares for customer concerns	1	2	3	4	5
8. Follows up on customer leads	1	2	3	4	5

# What are critical incidents?

- **Critical incidents:** Requires raters to choose how effectively an employee performs “critical” behaviors

TABLE 5.3 Effective and Ineffective Behaviors in the Duty Area of Written Communication

<i>WRITTEN COMMUNICATIONS</i>	
Effective	Concise and well written; includes relevant exhibits and references to earlier communication on same topic Communicates all basic information without complete reference to earlier communications
Average	All of the basic information is there but it is necessary to wade through excessive verbiage to get to it Important pieces of information missing in order to achieve full understanding
Ineffective	Borders on the incomprehensible. Facts are confused with each other, sequences are out of order, and frequent references to events or documents with which the reader would be unfamiliar

# What are employee comparison methods?

- **Simple ranking:** Ranking employees from high to low according to their proficiency on a dimension



# What are employee comparison methods?

- **Paired comparison:** Comparing employees in a work group or job title with every other individual in the group on various dimensions

FOR THE TRAIT "QUALITY OF WORK"

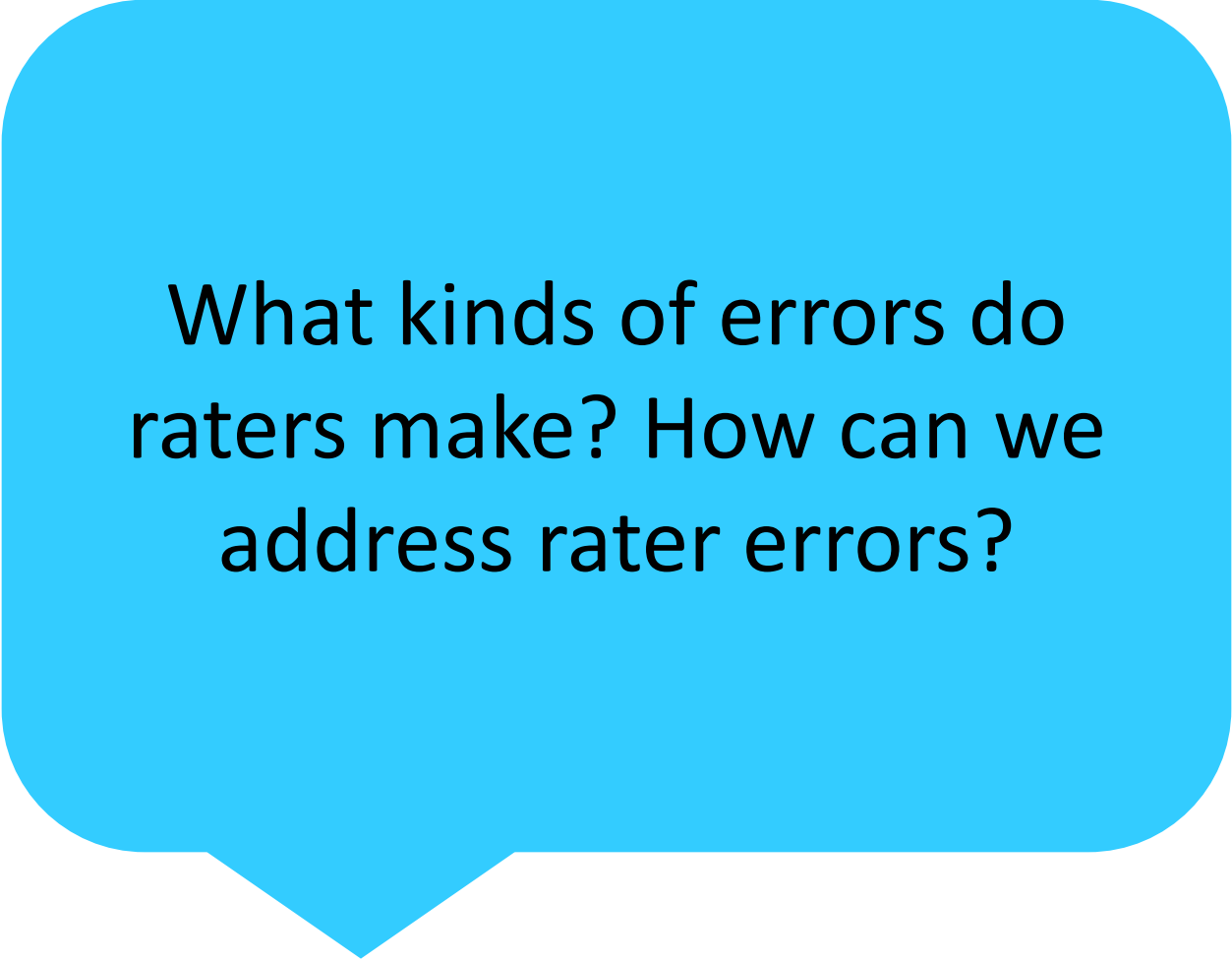
Employee Rated:					
As Compared to:	A Art	B Maria	C Chuck	D Diane	E José
A Art		+	+	-	-
B Maria	-		-	-	-
C Chuck	-	+		+	-
D Diane	+	+	-		+
E José	+	+	+	-	

↑  
Maria Ranks Highest Here

FOR THE TRAIT "CREATIVITY"

Employee Rated:					
As Compared to:	A Art	B Maria	C Chuck	D Diane	E José
A Art		-	-	-	-
B Maria	+		-	+	+
C Chuck	+	+		-	+
D Diane	+	-	+		-
E José	+	-	-	+	

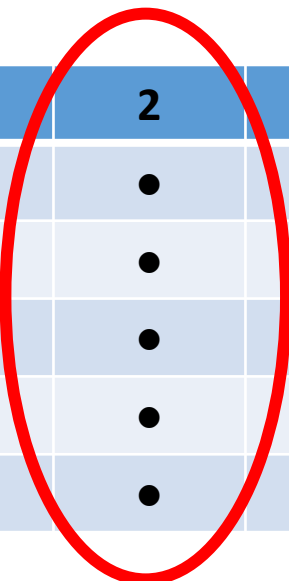
↑  
Art Ranks Highest Here



What kinds of errors do  
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# What kinds of errors do raters make?

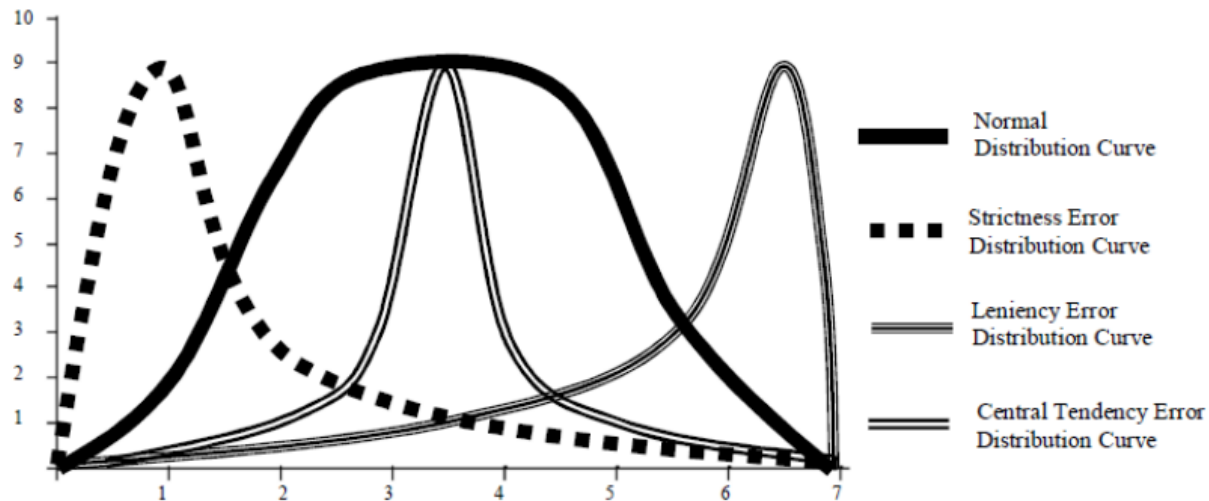
- **Rating errors:** Inaccuracies in ratings
- **Halo error:** Occurs when raters choose the same rating on multiple dimensions to describe an employee's performance



	1	2	3	4	5
Dimension 1	○	●	○	○	○
Dimension 2	○	●	○	○	○
Dimension 3	○	●	○	○	○
Dimension 4	○	●	○	○	○
Dimension 5	○	●	○	○	○

# What kinds of errors do raters make?

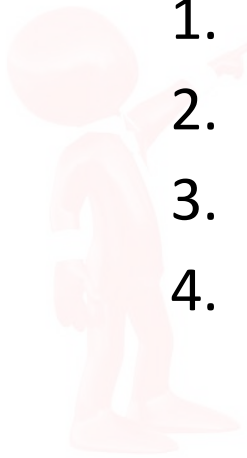
- **Central tendency error:** Choosing average scores
- **Severity error:** Ratings are unusually *harsh*
- **Leniency error:** Ratings are unusually *easy*



# How can we address rater errors?

- **Frame of reference (FOR) training:** Calibrates raters “frame of reference”

1. Explain the multidimensional nature of performance
2. Explain the meaning of scale anchors
3. Practice rating performance
4. Provide feedback to create a common way of thinking



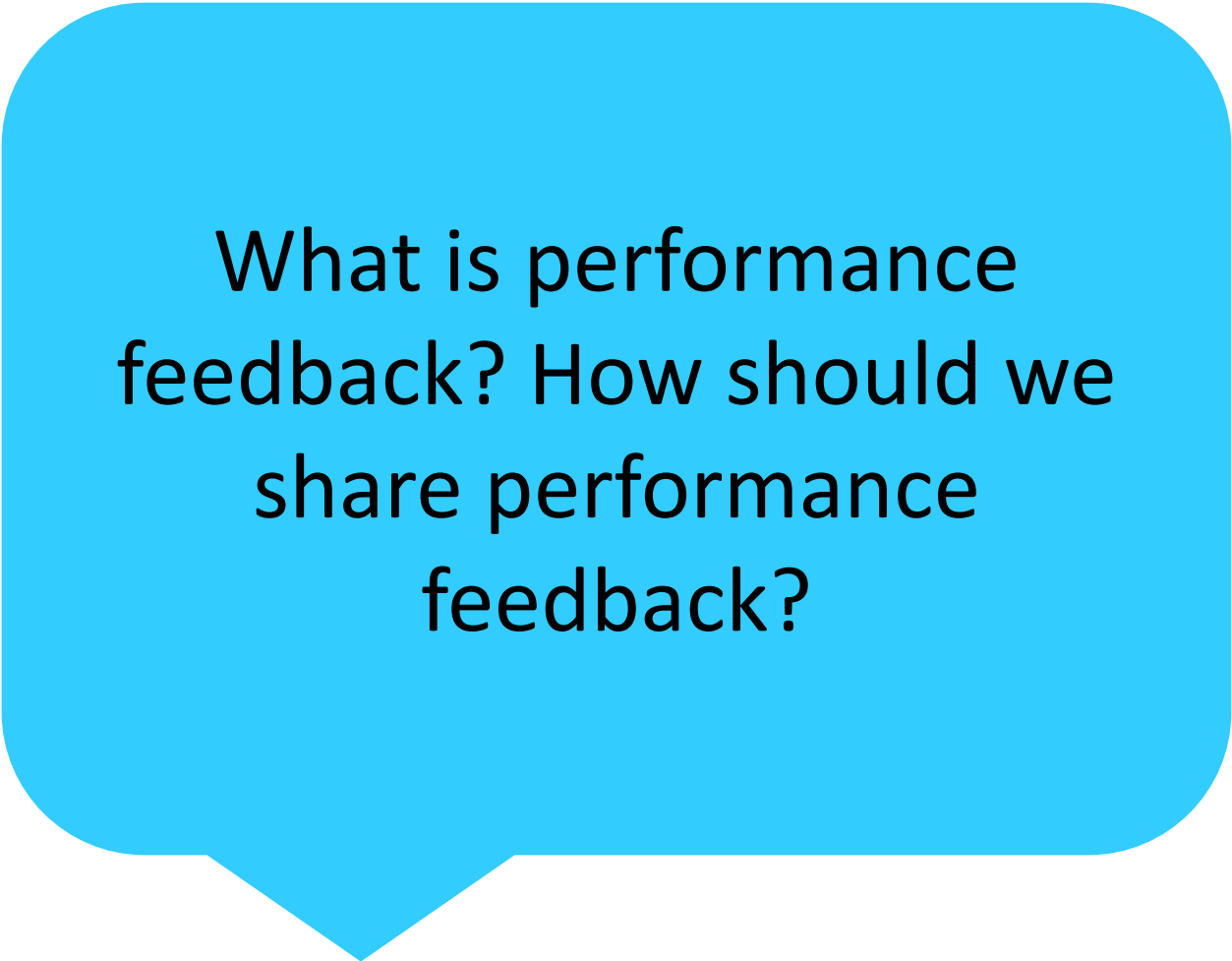


# How can we address rater errors?

- Benefits:

- Reduce raters' likelihood of making errors
- Improve raters' observational skills
- Improve raters' communication of feedback





What is performance  
feedback? How should we  
share performance  
feedback?

# What is performance feedback?

- **Performance feedback:** Job-relevant information about how to improve performance
  1. Set expectations
  2. Sample behavior
  3. Make improvements



# How should we share performance feedback?

- Share rating forms in advance
- Train feedback givers
- Ensure anonymity
- Use the “praise-criticism-praise sandwich”
- Encourage participation
- Give specific examples of behaviors
- Avoid destructive criticism
- Incorporate self-ratings
- Listen to ratee’s concerns
- Set goals
- Follow-up
- Make rewards contingent upon performance

# How should we share performance feedback?

1. What is the specific behavior that needs to be corrected?
2. How has this behavior impacted the individual's performance, their colleagues, the organization, or other stakeholders?
3. What specific behavior should this individual use in the future?

# How should we share performance feedback?

**Behavior**      **When you are late for meetings...**

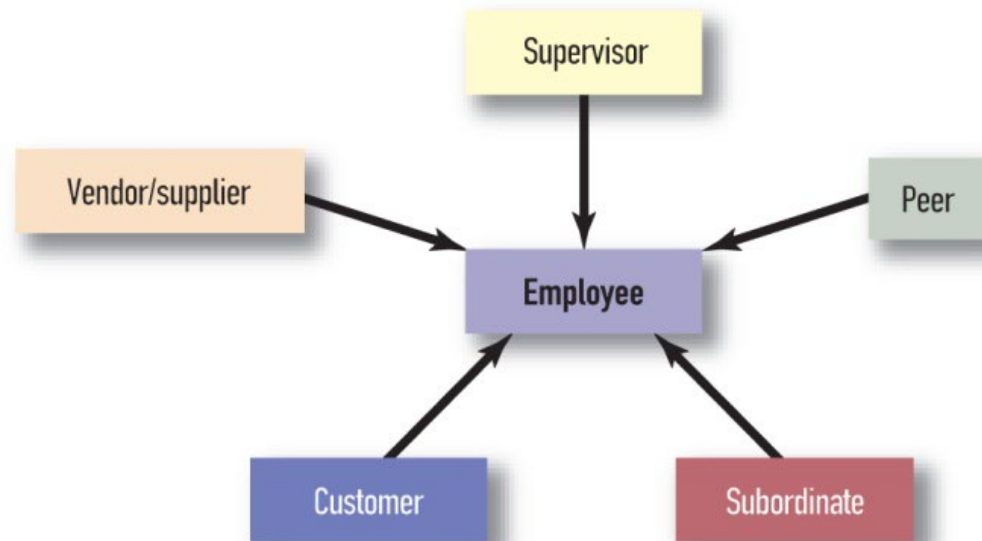
**Consequences**      ... it hurts our team because it wastes our time, and we are not able to get through all our agenda items.

**Preferred Behavior**      I would like you to find some way of planning your schedule that lets you get to these meetings on time. That way we can be more productive at the meetings, and we can all keep to our tight schedules.

What is 360-degree feedback? What are the pros and cons of different types of ratings? What are the challenges of 360-degree feedback?

# What is 360-degree feedback?

- **360-degree feedback system:** A process of collecting and sharing feedback from many sources





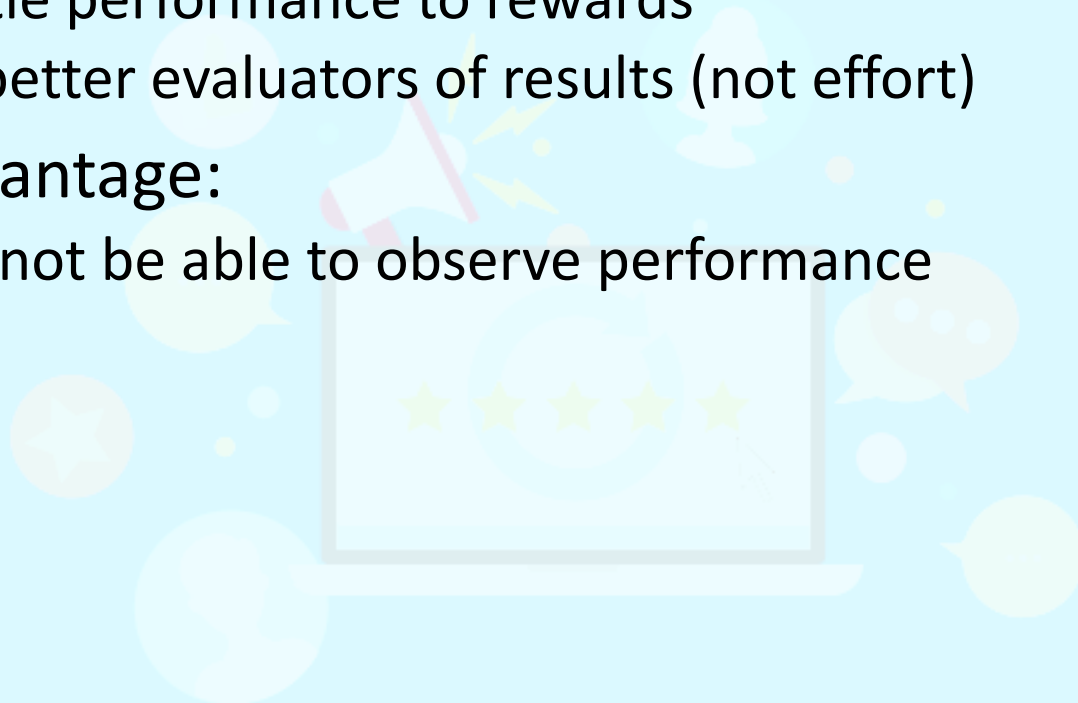
# What are the pros and cons of supervisor ratings?

- Advantages:

- Aware of organization's goals
- Can tie performance to rewards
- Are better evaluators of results (not effort)

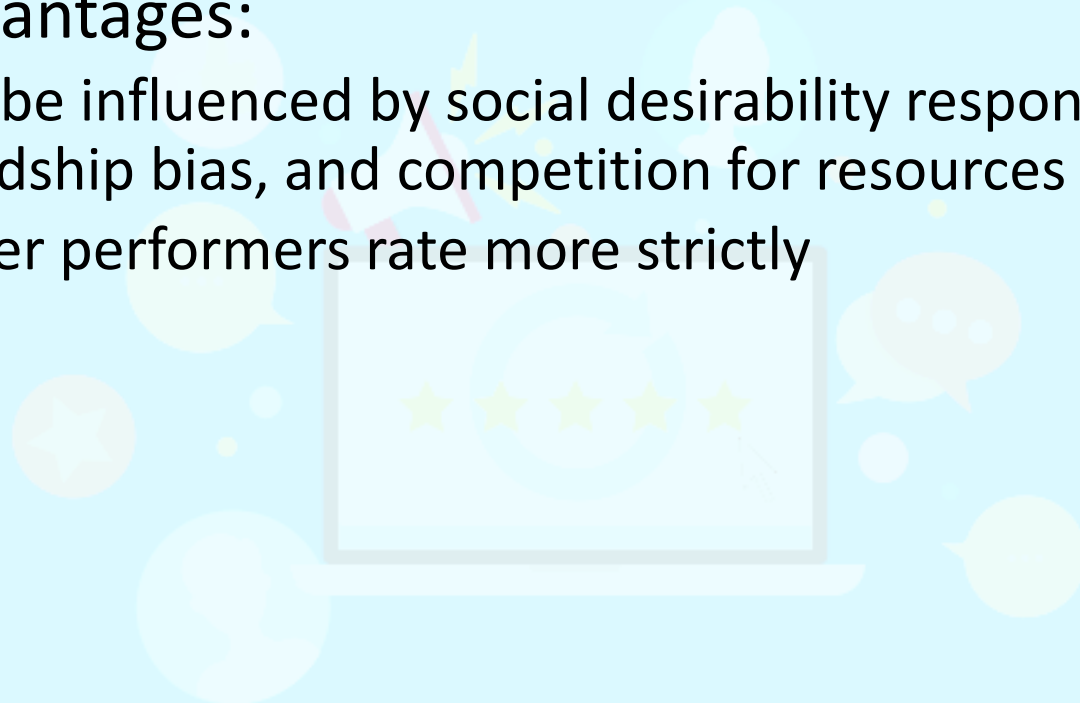
- Disadvantage:

- May not be able to observe performance



# What are the pros and cons of peer ratings?

- Advantage:
  - Better evaluators of typical performance and effort
- Disadvantages:
  - May be influenced by social desirability responding, friendship bias, and competition for resources
  - Higher performers rate more strictly



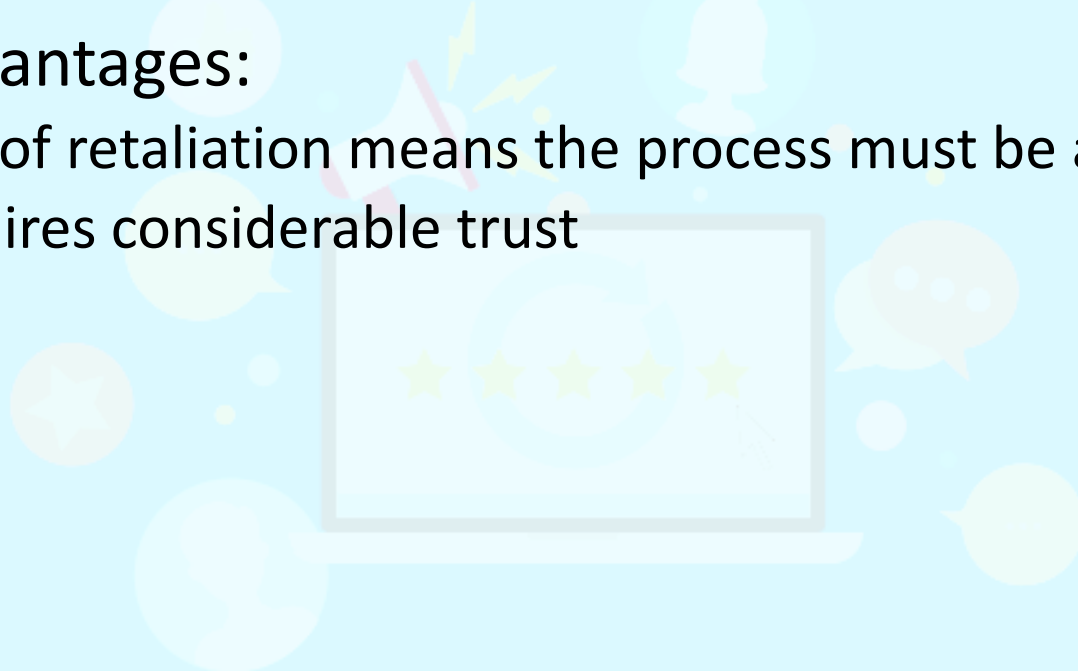
# What are the pros and cons of subordinate ratings?

- Advantages:

- Useful when supervisor manages many employees
- Holds supervisors accountable for their behaviors

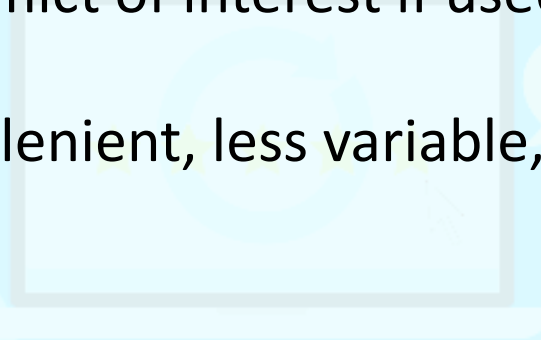
- Disadvantages:

- Fear of retaliation means the process must be anonymous
- Requires considerable trust



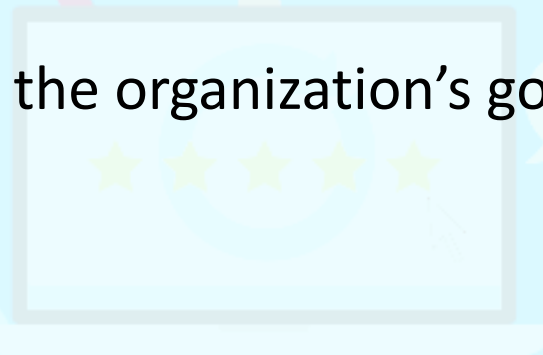
# What are the pros and cons of self ratings?

- Advantages:
  - Discussion of ratings with supervisor increases perceptions of procedural fairness
  - Can improve motivation and reduce defensiveness
- Disadvantages:
  - May create a conflict of interest if used for administrative purposes
  - Tend to be more lenient, less variable, and more biased



# What are the pros and cons of other ratings?

- Advantages:
  - Can inform the business strategy
  - Useful for jobs that require interaction with the public
  - Useful for developmental, administrative, or research purposes
- Disadvantage:
  - Not familiar with the organization's goals



# What are the challenges of 360-degree feedback?

- Rater fatigue
- Lack of follow-through
- Fear of retaliation
- Not well-received

