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# **Measuring Performance and Providing Feedback**

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**Lesson 6**

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# Learning objectives

- After this lecture you should be able to:
    - ❑ Describe performance management systems.
    - ❑ Describe the dimensions of job performance.
    - ❑ Explain differences and concerns with performance measures.
    - ❑ Explain the value of using multiple sources for performance appraisal ratings.
  
  - ❑ Describe effective feedback to employees.
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# Can performance management make an organization effective?

## ■ What is Performance management?

- It is the process of 1) **assessing** and 2) **communicating** employee contributions.
- Measuring performance and providing feedback  
→ improves employee performance →  
increases organizational performance.

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# PM approaches in measuring performance – Merit-based systems

- **Merit-Based Systems** – process of recognizing and rewarding high performance.
  - Some Merit-Based Systems use the **forced distribution method**. Which means certain percentage of employee will receive the highest rating, a majority will be ranked in the middle and a few will receive the lowest. Such as Exceed Standards, Meets Standards, Does Not Meet.
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# PM approaches in measuring performance – Parity-based Systems

- **Parity-Based Systems** - encourage cooperation and allow everyone who meets a certain standard to be classified as an high performer.
  - Parity-based performance measures frequently focus on **processes** rather than outcomes.
  - **High performance is defined as following guidelines and performing behaviors assigned by supervisors.**
  - Employee are compared with established benchmark rather than with one each other (**absolute measures**).

# Strategic Framework for Performance Management

**Bargain Laborer**  
External/Cost HR Strategy

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Parity-Based  
Comparisons to Standards  
Free Distribution

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**Loyal Soldier**  
Internal/Cost HR Strategy

**Free Agent**  
External/Differentiation HR Strategy

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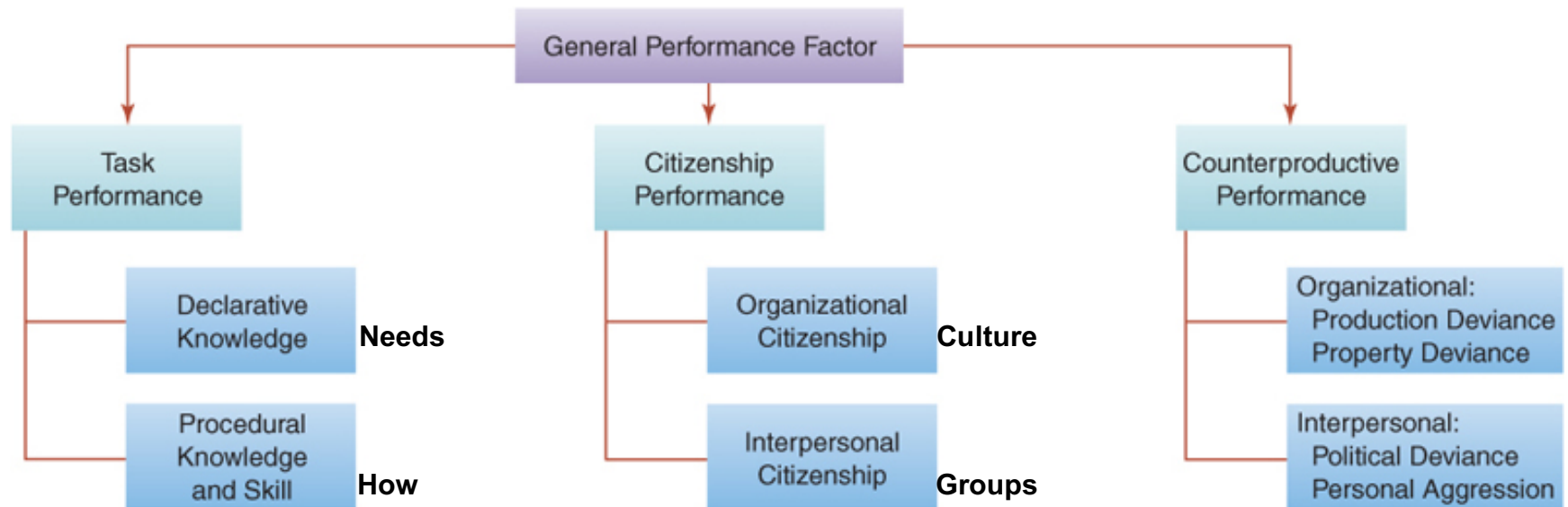
Merit-Based  
Comparisons to Other People  
Forced Distribution

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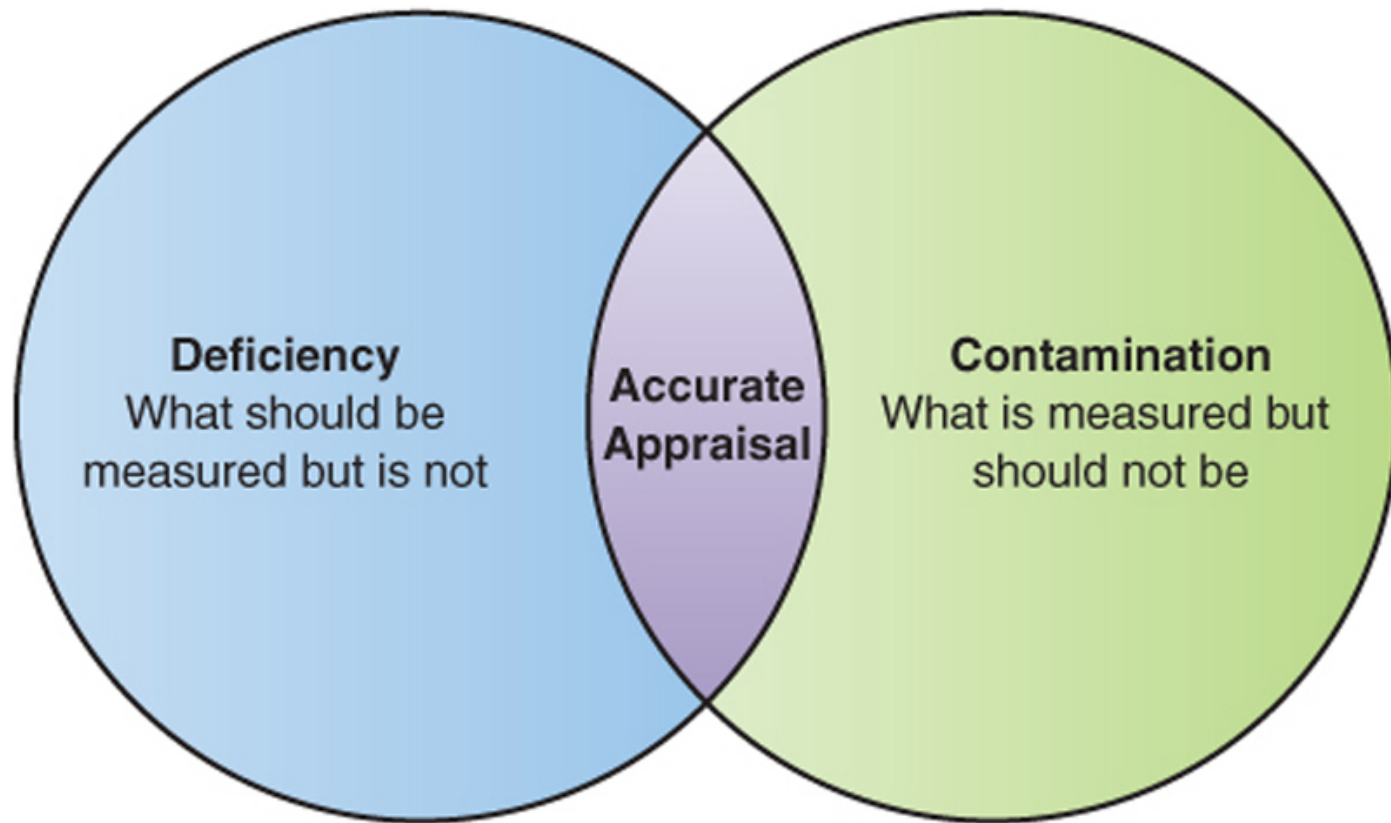
**Committed Expert**  
Internal/Differentiation HR Strategy

# What is job performance?

- **Job performance** represents the contribution that individuals make to the organization that employs them.



# Problems of performance appraisal



CONTRIBUTION TO  
ORGANIZATION

PERFORMANCE APPRAISAL  
MEASURE



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# Different Types of Performance Measures

- 2 types of measures:
    - **Objective Measures**
      - Which are quantitative and based on counts of either behaviors or outcomes.
    - **Subjective Measures**
      - Which are qualitative and based on judgments from raters.
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# Common Problems with Performance Measures (1/2)

## ❑ Rater Errors

- Rating errors occur when:
  1. raters provide assessments that follow an undesirable pattern or;
  2. the rater does not properly account for factors that might influence assessments.
- A common error is **central tendency error**, which is the pattern of placing almost everyone in the middle of the scale.

# Common Problems with Performance Measures (2/2)

- **Contrast errors**

- Another error occurs when a rater *unintentionally* compares people with one another.

- **General Impression Errors (Halo error)**

- Over an extended period, the rater observes a number of different behaviors and forms an overall judgment of the contribution of the employee.

- **Recency error**

- Which arises when raters place too much emphasis on recent behaviors and outcomes.

- **Primacy error**

- This occurs when a rater places too much emphasis on the behavior that is first observed.

# Different Types of Performance Appraisals (1/2)

- **Narrative ratings** → Supervisors or raters provide a written description of performance.
  - However without consistent measurement it may be difficult to determine which employees are high and low performers.
- **Graphic Rating Scale** → Raters are asked to provide a numerical rating for a number of different dimensions of work performance.
  - Common dimensions of performance include such things as quality of output, quantity of output, cooperation with others, and skill development.

# Different Types of Performance Appraisals (2/2)

- **Forced ranking** → rater is required to *rank* all employees.
  - ❑ Such as an office manager being asked to rank the office's five secretaries in order from highest performer to lowest performer.
  - ❑ The forced ranking technique eliminates central tendency error and provides guidance for organizations in giving promotions and pay raises to top performers.

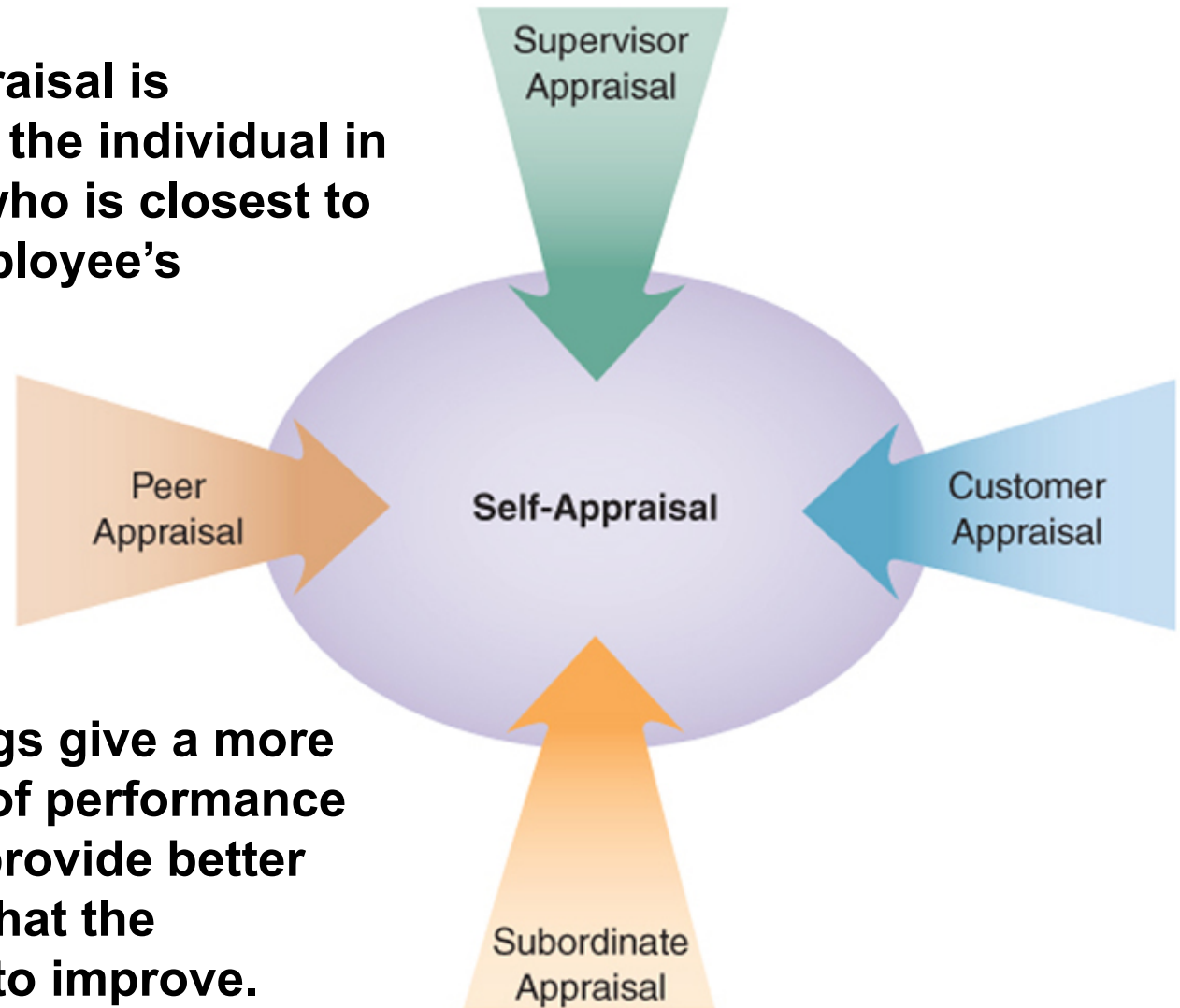
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# WHO SHOULD MEASURE PERFORMANCE?

- Performance Appraisal is generally done by the individual in the organization who is closest to observing the employee's performance.
  - This is usually **the employee's immediate supervisor or manager.**
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# Multisource of Performance Appraisal

- **Performance Appraisal is generally done by the individual in the organization who is closest to observing the employee's performance.**



- **The multiple ratings give a more complete picture of performance and usually also provide better guidance about what the employee can do to improve.**

# Providing Feedback

- After measuring performance, the employee must now receive feedback on their performance.
- Feedback has been shown to have positive influence on performance. It lets the employee know how they are doing and areas where improvement can take place.

**Table 8.3**

## *Giving Employee Feedback*

1. Focus comments on the task rather than the person.
2. Combine feedback with goals for improvement.
3. Describe behaviors in an unemotional manner.
4. Focus on what is observed rather than underlying causes.
5. Remain nonjudgmental.
6. Provide clear examples to support points.