

# Human Resources Management II.

Appraisal systems

# Employee Appraisal – General Remarks

- It is the most important activity in HRM (muscles and nerves of the system)
- Basic tool in giving feedback to employees (wages, benefits, ch. in O.S.)
- Basic tool in collecting information for training, internal staffing, career management

# Employee Appraisal – WHY I. ?

- Differences in individual performance
  - blue-collar work (+ - 15% - average and best)
  - sales manager work (+ - 42% - average and best)
  - professionals work (+ - 46 % - average and best)
    - and we have to know who is who according to performance
- Differences in trends of an employee performance
  - every company has to deal with „weak“ employees, yet without the appraisal system our possibilities are really limited
  - E.A. can improve and also make worse the atmosphere and motivation (feedback generally improves – so called hit-and-miss flash-back generally demeans)

# Employee Appraisal – WHY II. ?

- Justice – almost everyone puts a stress on fairly-minded conditions – sense of justice is a very important force
  - depends on culture, yet in west Europe more than 96% of employees put a stress on fairly-minded conditions in a company.
  - Justice is value itself – even for HR managers (sometimes 😊)

# Employee Appraisal – The Process I.

- **Steps in Developing an Appraisal System**

- *Determine Performance Requirements*

we should be aware of what is the core of employee work, and what skills, outputs or processes we are going to evaluate – we should know the job evaluation chart, or we should create job evaluation chart

Examples: blue collar – number of TV-sets completed, manager – quality of work, cooperation with others employees, dependability

- *Choose an Appropriate Appraisal Method*

we have to choose a method or a set of methods which is appropriate - different groupes – different methods

Examples: rating scales – operator, MBO – HR manager

# Employee Appraisal – The Process II.

- **Steps in Developing an Appraisal System**

- *Train Supervisors*

very critical step – supervisors must know what they do, must know why is A. P. important for a company and must be trained in fair rating – without well prepared supervisors the whole process is meaningless

- *Discuss Methods with Employees*

prior to the appraisal interview, supervisors and HRM should discuss with employees the method that will be used! E. should know what, why and how the A. P. goes.

# Employee Appraisal – The Process III.

- **Steps in Developing an Appraisal System**

- *Do the personnel rating (the A.P. itself)*

you do the process itself – the best strategy is to combine as many departments and jobs as possible together (exceptions)

- *Discuss results with Employees*

everyone should know results, strong and weak points!, evolution of his own results and general evolution, how do you get the data and the interpretation – you should put a stress on positive part and on how to solve the weak points!

# Employee Appraisal – The Process IV.

- **Steps in Developing an Appraisal System**

- *Determine Future Performance Goals*

adjustment of goals (ac. to company, ac. to employee),  
adjustment of A. S. – in the beginning of the whole  
process it is inevitable

- *Save all data in timeline-save form*

the power of Appraisal system is based on the fact, that  
you do it as a repetition – without an information about  
how was the result in history – you know just a little bit  
about an employee! – therefore you need save your data  
and save them in a very specific formula



# Common Appraisal Problems I.

- To avoid appraisal problems means to know them !
  - **Supervisory Bias**
    - the most common error – everyone likes and dislikes someone and supervisors are not exceptions (age, soccer team, sex), yet you should train them not to and you should explain why it is a deadly sin for supervisor
  - **Halo effect**
    - when you evaluate one particular aspect of an employee's performance under the influence of evaluation of another aspect (good sales results do not mean good cooperation)

# Common Appraisal Problems II.

## ➤ Central Tendency

- when you tend to put all employees together (find it difficult and unpleasant to evaluate some employees higher and some lower) or lack of objective evaluations

## ➤ Leniency

- problem of one kind of very good employee and inexperienced supervisors – generally put excellent marks to everyone (very dangerous!)

## ➤ Strictness

- Supervisor gives consistently low rating – opposite to leniency, yet also very dangerous

# Common Appraisal Problems III.

## ➤ Recency

- what was the last time should be today also ... it is also very dangerous mistake

# Appraisal Methods I.

- General remarks
  - there is no universal method, which we can use always!
  - ideally, an appraisal method is: objective, accurate, and easy to implement
  - ideal method (an sich) does not exist – we must seek compromise!

# Appraisal Methods II.

- **Work standards**
  - the first appraisal method, yet its importance decreases (why?)
  - clerical and manufacturing employees whose jobs are production or output focused
  - objective and usually very easy to perform, but for just one or two types of jobs
  - very few organizations use work standards as the sole performance-appraisal technique
  - fewer and fewer jobs can be measured solely by production level

# Appraisal Methods III.

- **Rating Scales**

- with rating scales you can measure some cognitive standards, such as cooperation, loyalty or dependability (and other qualities)
- rating scales are based on rating (usually graphical one)
- first you should decide range of scale (no less than 3, no more than 12) – depends on number of employees and on objectivity of criterion
- you may put commentary to the scale, but it is not used often (Rating Scales with commentary)

# Appraisal Methods IV.

- Ranking (simple and sophisticated comparison)
  - ranking employees from the most effective (or most communicative) to the least one
  - ranking is always comparative method – supervisor has to judge employees' performance in relation to each other instead of against standard!
  - general rating x specific rating (general can be more dangerous)
  - department ranking x job position ranking x company ranking
  - Advantages and disadvantages

# Appraisal Methods V.

- **Forced Distribution**

- supervisor has to put every employee of his/her department in one of (for example) 5 lists – poor/below average/average/above average/excellet, yet to the poor he/she has to give just 2 employees!
- forced distribution – more objective then simple ranking
- people, and supervisors also dislike it



# Appraisal Methods VI.

- Paired Comparison

- we know 2 types of Paired Comparison
- the first one is based on everyone to everyone comparison (A-B comparison, A-C comparison, B-C comparison) and is more objective than simple ranking
- the second one is based on so called „team appraisal“ – you do not evaluate persons, but teams – very good and used method

# Appraisal Methods VII.

- **Critical Incidents**

- relatively modern performance-appraisal methods
- the only thing you count is very positive and negative events
- critical incidents can help, yet can not stand as a solitary appraisal method
- very easy to use for supervisors (if they do not remember it means that it was not a critical incident)

# Appraisal Methods VIII.

- MBO

- relatively modern performance-appraisal methods, yet only for some types of employees
- management by objectives (MBO) is like writing a contract
- HRM, department boss and employee discuss the goal of the employee work and set up criteria how to measure achievement of this goal
- very good for managers, scientists (but be careful), and creative work

# Appraisal System and Timeline

- How often?
  - depends on what type of employee we would like to evaluate
  - managerial position – 3 months up to 1 year
  - labour worker - every day up to ½ year
  - scientist – 1 month to 3 years
- What to do with results?
  - weak performance
  - excellent performance
- How communicate results?
  - appraisal interview
  - system interviews

# Appraisal System

- You should set up appraisal system for:
  - ❖ *sales department (5 sales managers)*
  - ❖ which method or combination of methods
  - ❖ how often
  - ❖ impacts of results
  - ❖ supervisor
  - ❖ *HR department (content)*
  - ❖ *small company (20 employees, content)*