

PERFORMANCE EVALUATION: A Brief Tutorial

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CONTINUOUS QUALITY IMPROVEMENT TRAINING

PE: Overview

- Performance evaluations (PE) are also known as performance appraisals.
- It is the ongoing process of evaluating employee performance.
- There is a connection between the organization's mission and objectives and the performance evaluation process.

Source (Lussier, R. N., & Hendon, J. R. (2015). Human Resource Management: Functions, Applications, and Skill Development)

PE: Purpose

Three reasons why organizations complete performance evaluations:

1. **Communication:** This provides opportunity for formal communication between management and the employees concerning how the organization believes each employee is performing.
2. **Decision Making (evaluation):** Allow management to make decisions about employees within the organization based on the information gotten during the communication process.
3. **Motivation:** Provide motivation to our employees to improve the way they work individually for developmental purposes, which in turn will improve organizational productivity overall.

Source (Lussier, R. N., & Hendon, J. R. (2015). Human Resource Management: Functions, Applications, and Skill Development)

PE: Process

The performance evaluation process involves the following steps:

1. **Job Analysis:** In order to properly evaluate a person, we must know what their position consists of.
2. **Develop Standards & Measurement Methods:** Evaluation is only feasible when we have standards of acceptable behaviors and methods to measure performance.
3. **Informal Performance Evaluation:** Through coaching and disciplining, supervisors should provide regular feedback to employees to let them know how they are doing.
4. **Formal Performance Evaluation:** A review with the supervisor that takes place once or twice in a year. Specific measurement methods are employed here.

Source (Lussier, R. N., & Hendon, J. R. (2015). Human Resource Management: Functions, Applications, and Skill Development)

PE: Who Should Complete

- Supervisor
- Peers
- Subordinates
- Self
- Clients
- 360° Evaluation: Analyzes individuals' performance from all sides— from their supervisor's viewpoint, from their sub-ordinates' viewpoint, from customers' viewpoint (if applicable), from their peers' viewpoint, and using their own self-evaluation.

Source (Lussier, R. N., & Hendon, J. R. (2015). Human Resource Management: Functions, Applications, and Skill Development)

PE: Measures

- It is important to accurately measure performance so employees would know where they can improve.
- An accurate performance measure will have the following characteristics:
 - Validity and reliability
 - Acceptability and feasibility
 - Specificity
 - Based on the mission and objectives

Source (Lussier, R. N., & Hendon, J. R. (2015). Human Resource Management: Functions, Applications, and Skill Development)

PE: Assessment

Performance evaluations can assess the following:

- **Traits:** These are the physical and psychological characteristics of a person.
- **Behaviors:** These are simply the actions taken by individuals – what they say and do.
- **Results/Outcomes:** A measure of the goals achieved through the work process.

Source (Lussier, R. N., & Hendon, J. R. (2015). Human Resource Management: Functions, Applications, and Skill Development)

PE: Methods

- **Critical Incidents Method:** A performance appraisal method where a manager keeps a written record of positive and negative performance of employees throughout the performance period.
- **Graphic Rating Scale Method:** A performance appraisal checklist on which a manager simply rates performance on a continuum such as excellent, good, average, fair, and poor.
- **Management by Objectives:** A process where managers and employees jointly set objectives for the employees, periodically evaluate performance, and reward performance according to the results.
- **Narrative Method:** A process where a manager writes a statement about the employee's performance.
- **Ranking Method:** A performance appraisal method that is used to evaluate employee performance from best to worst.

Source (Lussier, R. N., & Hendon, J. R. (2015). Human Resource Management: Functions, Applications, and Skill Development)

PE: Common Problems

- **Bias:** Bias is toward or against an individual employee.
- **Stereotyping:** Mentally classifying a person into an affinity group, and then identifying the person as having the same assumed characteristics as the group.
- **Halo Effect:** Occurs when the evaluator has a generally positive or negative impression of an individual, and the evaluator then artificially extends that general impression to many individual categories of performance to create an overall evaluation of the individual that is either positive or negative.
- **Recency Errors:** This error occurs when raters use only the last few weeks or month of a rating period as evidence of their ratings of others.

Source (Lussier, R. N., & Hendon, J. R. (2015). Human Resource Management: Functions, Applications, and Skill Development)