Session 9 – **USES OF PERFORMANCE APPRAISAL**

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Session Overview

• The session discusses performance appraisal or performance evaluation, that is, formal organizational procedure or process for assessing employee performance. This session seeks to explain the criteria for evaluation, and two main purposes of the appraisal process: including: administrative and employee developmental uses of performance appraisal information.
Session Objectives

At the end of the session, the student will

• Be able to explain what performance appraisal is.
• Understand and explain the criteria of appraisal, including what constitute performance in an organization.
• Understand and explain administrative or human resources management uses of performance appraisal information
• Understand and explain employee development uses of performance appraisal using Muliti-Source-Muliti-Rater (MSMR) Feedback System.
The key topics to be covered in the session are as follows:

- Topic One: What is performance Appraisal?
- Topic Two: Administrative/Human Resources Management uses of Performance Appraisal Information
- Topic Three: Multi-Source-Multi-Rater (MSMR/360-degree) Feedback System


WHAT IS PERFORMANCE APPRAISAL?
WHAT IS PERFORMANCE APPRAISAL?

• What is Performance Appraisal (PA)?
• A formal organizational procedure for assessing employee proficiency.
• A systematic process designed to assess the extent to which employees are performing their jobs effectively.
• It is about measuring job performance.
WHAT IS PERFORMANCE APPRAISAL?

• NB: performance appraisal (PA) and performance management are used synonymously.
• Both involve measuring employee performance and generating information central to HR decisions.
• Two main purposes: Human Resource Management / Administrative uses; Employee Developmental purposes
WHAT IS PERFORMANCE APPRAISAL?

• The Content of the appraisal system: The criterion problem; what constitute performance?

• A criterion is an operational definition of performance that is quantifiable. It is a benchmark that is used in evaluating performance. For a formal evaluation system to be desirable, then the criterion/criteria for evaluation must be specified.

• A criterion problem is concerned with the difficulty in developing adequate and accurate measures of actual job performance.
WHAT IS PERFORMANCE APPRAISAL?

• The criterion problem is concerned with the usefulness of a performance measure, that is, the extent to which it serves its purpose or objectives depends on its validity, reliability and practicality.

• The performance criterion must be practical, that is, available, plausible (seems likely to be true or valid) and acceptable to users.
WHAT IS PERFORMANCE APPRAISAL?

- Two main criterion problems
- Criterion contamination: The criterion must not be contaminated (i.e., must not include issues or measures that are not relevant to job performance).
- Criterion deficiency: The standard of measure of performance should include all the relevant job related aspects of performance (i.e., it must not be deficient of any relevant measure of performance).
WHAT IS PERFORMANCE APPRAISAL?

• It must also be fair in its discrimination of employees. Usefulness depends on appraisal objectives. The criterion/criteria must be tailored to organizational objectives.

• The objectives must translate into specific behaviours and/ or results for each job.
WHAT IS PERFORMANCE APPRAISAL?

• The criteria/criterion for evaluating employee’s performance on the job should arise from the job itself, job analysis and the resulting job description is the basis for developing an evaluation instrument.

• But the basic job description merely defines the tasks that make up the job and may indicate the skills required.

• Performance appraisal or evaluation requires additionally establishment of the scope of responsibility and accountability as performance standard. The standard should be feasible and measurable, achievable and can be done.
WHAT IS PERFORMANCE APPRAISAL?

• **The Concept of Performance**

• Performance can be defined as ‘the value attributed to particular behaviours by an organization that leads to attainment of important organizational goals’.

• Behaviour in the context of a job, position or role imbued (filled) with value because of what it leads to (achieving organisational goals) (Campbell 1991).

• Is performance the act itself (behaviour) or the output or both? Essentially, the act/behaviour.
WHAT IS PERFORMANCE APPRAISAL?

• Contextual performance
  • Contextual performance is about extra – role activities pursued by employees, whilst not formally recognized, though critical to organizational effectiveness. Examples are
• 1 Organizational citizenship behavior (OCB), e.g. helping others to perform more effectively.
• 2 Pro-social organizational behavior (POB) – behavior intended to promote the welfare of the individual, (assisting co-workers with job-related or personal matters) groups and the organization. Examples;
• Complying with organizational values and policies.
WHAT IS PERFORMANCE APPRAISAL?

• Applying extra effort to the job.
• Staying with the organization during hard times.
• Representing the organization favorably to outsiders.
• The concept of POB is similar to OCB but includes other aspects of contextual performance.
Topic Two

ADMINISTRATIVE/HUMAN RESOURCES MANAGEMENT USES OF PERFORMANCE APPRAISAL INFORMATION
Administrative/Human Resources Management uses of Performance Appraisal Information

• **Human Resource Management/ Administrative uses of PA**
• The administration of wages and salaries / compensation/determining salary increases.
• Making promotion decisions
• Decisions on Transfers
• Making dismissals/termination decisions
• Identification of training needs for organization
• Provision of criteria for evaluating selection procedures; - used to validate predictors for selection. (Provides accurate & reliable measure of job performance – criterion measures/scores)
Administrative/Human Resources Management

uses of Performance Appraisal Information

• Basis for evaluating the productive efficiency of the organization as a whole and the units within it.
• Basis for evaluating the usefulness/effectiveness of training programmes
• Manpower / Staff planning decisions
• Documentation- provides the means for communicating and documenting dissatisfaction with unacceptable employee’s performance and methods to improve employee’s performance.
MULTI-SOURCE-MULTI-RATER (MSMR/360-DEGREE) FEED BACK SYSTEMS
• PA information provides means of improving employee performance by providing feedback to the employee.
• PA identifies employee weaknesses which can be corrected through training for employee development.
• Well conducted developmental appraisal is performed in a facilitative manner inviting self-appraisal of personal strengths and limitations.
• Appraisal and development are now often inter-linked particularly in the application of Multi-Source - Multi-Rater / MSMR / 360–degree feedback systems.
MULTI-SOURCE-MULTI-RATER (MSMR/360-DEGREE) FEED BACK SYSTEMS

• MSMR Feedback System
• The MSMR feedback technique is a process by which performance evaluations of an employee, e.g. a manager, are collected from more than one source;
  • Supervisors (downward appraisal)
  • peers (horizontal appraisal,
  • subordinates (upward appraisal)
  • Sometimes customers.
  • self-assessment, /self rating / self-evaluation on the same behavioural dimensions
The ratings are compiled into a feedback report with the aim that the report can help the target person (e.g. manager) to identify his strengths and weaknesses in performance.

- Enables manager to know whether his / her performance meets the standard / criterion level of performance.

- The main objective:- the manager can use it to facilitate the development of his or her skills for performance improvement
• The MSMR is, therefore, mainly used for management development particularly interpersonal relationships, leadership and team building and some other technical competences.

• MSMR: used for employee development and performance improvement NOT for administrative uses such as determining salary increases.
ASSIGNMENT/SAMPLE QUESTIONS

• Discuss human resources uses of performance appraisal

• Describe the Multi-Source Multi-Rater (MSMR) performance feedback system. What are the advantages of this performance feedback system?