EVALUATING EMPLOYEE PERFORMANCE

ÇAĞ UNIVERSITY
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PSY 470 INDUSTRIAL PSYCHOLOGY
WEEK 5

Performance Appraisals: Measuring Job Success

Performance appraisals measure worker performance against predetermined standards. They serve multiple purposes for individuals, supervisors, and organizations.

Regular, helpful appraisals strengthen employee commitment to jobs and organizations.

Benefits of Performance Appraisals

For Workers

- Foundation for pay increases and promotions
- Feedback to improve performance
- Information about work goal attainment

For Supervisors

- Make personnel decisions
- Provide constructive feedback
- Encourage worker interaction

For Organizations

- Assess productivity of individuals
- Evaluate work unit performance
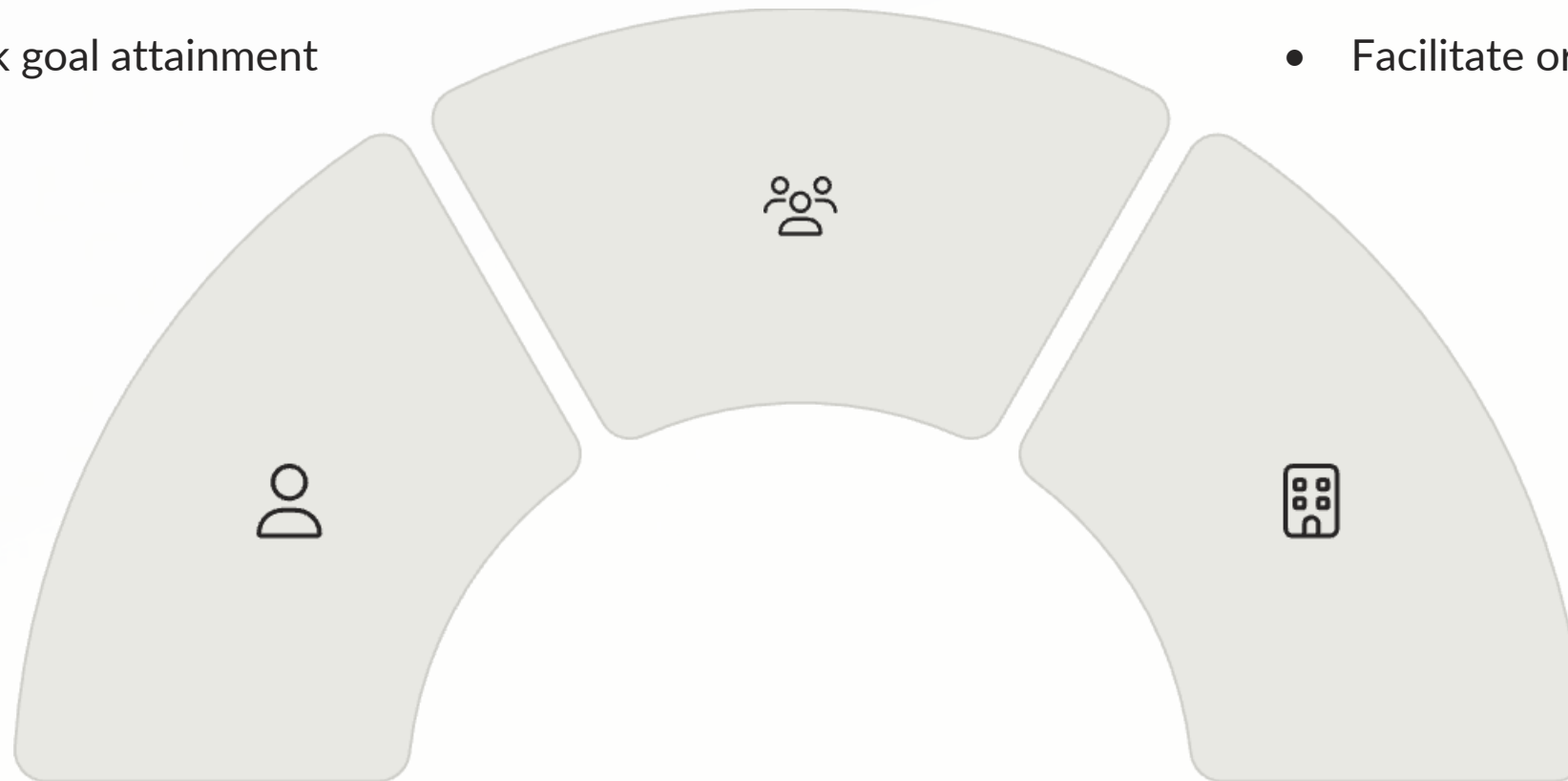- Facilitate organizational communication

Table 5.1 The Many Purposes of Performance Appraisals

For the Worker

Means of reinforcement (praise, pay raises)
Career advancement (promotions, increased responsibility)
Information about work goal attainment
Source of feedback to improve performance
Can lead to greater job engagement

For the Supervisor

Basis for making personnel decisions (promotions, firings, etc.)
Assessment of workers' goal attainment
Opportunity to provide constructive feedback to workers
Opportunity to interact with subordinates

For the Organization

Assessment of productivity of individuals and work units
Validation of personnel selection and placement methods
Means for recognizing and motivating workers
Source of information for personnel training needs
Evaluation of the effectiveness of organizational interventions (e.g., training programs, system changes, etc.)

The Measurement of Job Performance

An organization's success depends on employee performance. There are many ways to measure it.

Performance criteria determine successful or unsuccessful performance. Let's explore the key approaches and considerations.

Objective vs. Subjective Criteria

Objective ("Hard") Criteria

Quantifiable aspects of performance:

- Units produced

- Dollar amount of sales

- Processing time

Less prone to bias and directly tied to bottom-line outcomes.

Subjective ("Soft") Criteria

Judgments or ratings by knowledgeable individuals:

- Supervisor ratings

- Coworker evaluations

- Quality assessments

Used when objective criteria are unavailable or inappropriate.

Limitations of Performance Measures

Narrow Focus

Objective measures may focus too much on specific outcomes, missing the total picture.

Cost Concerns

Collecting objective data can be time-consuming and costly.

Complex Jobs

Jobs like graphic artist or executive VP are difficult to assess objectively.

Hidden Contributions

Important aspects like helping coworkers may be missed by objective measures.
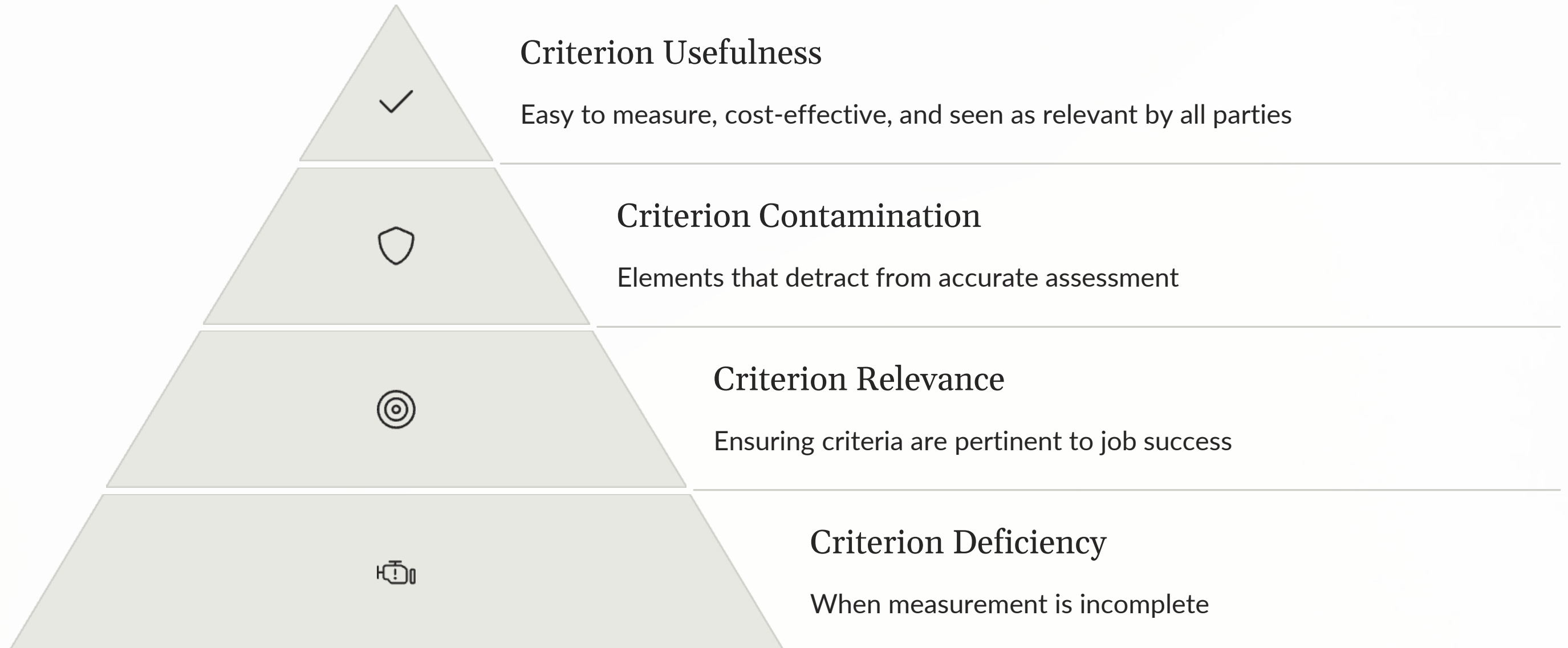
Key Criterion Concerns

Criterion Usefulness

Easy to measure, cost-effective, and seen as relevant by all parties

Criterion Contamination

Elements that detract from accurate assessment

Criterion Relevance

Ensuring criteria are pertinent to job success

Criterion Deficiency

When measurement is incomplete

Table 5.2 Examples of Objective Job Performance Criteria

Job Title	Measure
Social worker	Number of clients helped, number of people diagnosed
Real estate agent	Number of houses sold
Customer service (telephone)	Number of people helped, number of complaints received
Cashier	Number of products purchased, people helped
Hotel maid	Number of rooms cleaned, towels replaced
Truck driver	Miles driven, weight of cargo carried, amount of time taken per trip
Aircraft maintenance worker	Number of planes serviced
Receptionist	Number of people checked in, appointments scheduled
Cabinet worker	Number of cabinets made
Fast-food cook	Number of burgers cooked, amount of time to cook burger
Bartender	Number of drinks served, amount of tips given
Bill collector	Amount of debt collected, number of people contacted
Hair stylist	Number of haircuts given
Pharmacy technician	Number of prescriptions filled
Telemarketer	Number of people called, number of rejections received

Source: Adapted from Landy et al., 1983.

Performance Rating Sources in Organizations

Performance ratings play a crucial role in organizational assessment. They can come from supervisors, peers, subordinates, self-evaluations, and customers.

Multiple perspective appraisals offer unique insights and are perceived as fairer by employees.

Supervisor and Self-Appraisals

Supervisor Appraisals

Regular performance reviews are a key supervisory function.

Supervisors know job requirements and can provide rewards.

Fair, trusted supervisors elicit more positive reactions to feedback.

Self-Appraisals

Often used with supervisor appraisals.

Tend to be more lenient and focus on effort.

Cultural differences exist in self-rating tendencies.

Peer and Subordinate Feedback

Peer Appraisals

Peers are aware of what constitutes good performance.

Network Position

Ratings from central network peers provide more valid assessments.

Subordinate Appraisals

Particularly useful for assessing leadership effectiveness.

Unique Perspective

Subordinates offer a different, meaningful view on supervisor performance.

Customer Appraisals

Best Applications

Most appropriate when employee and customer have significant, ongoing relationships.
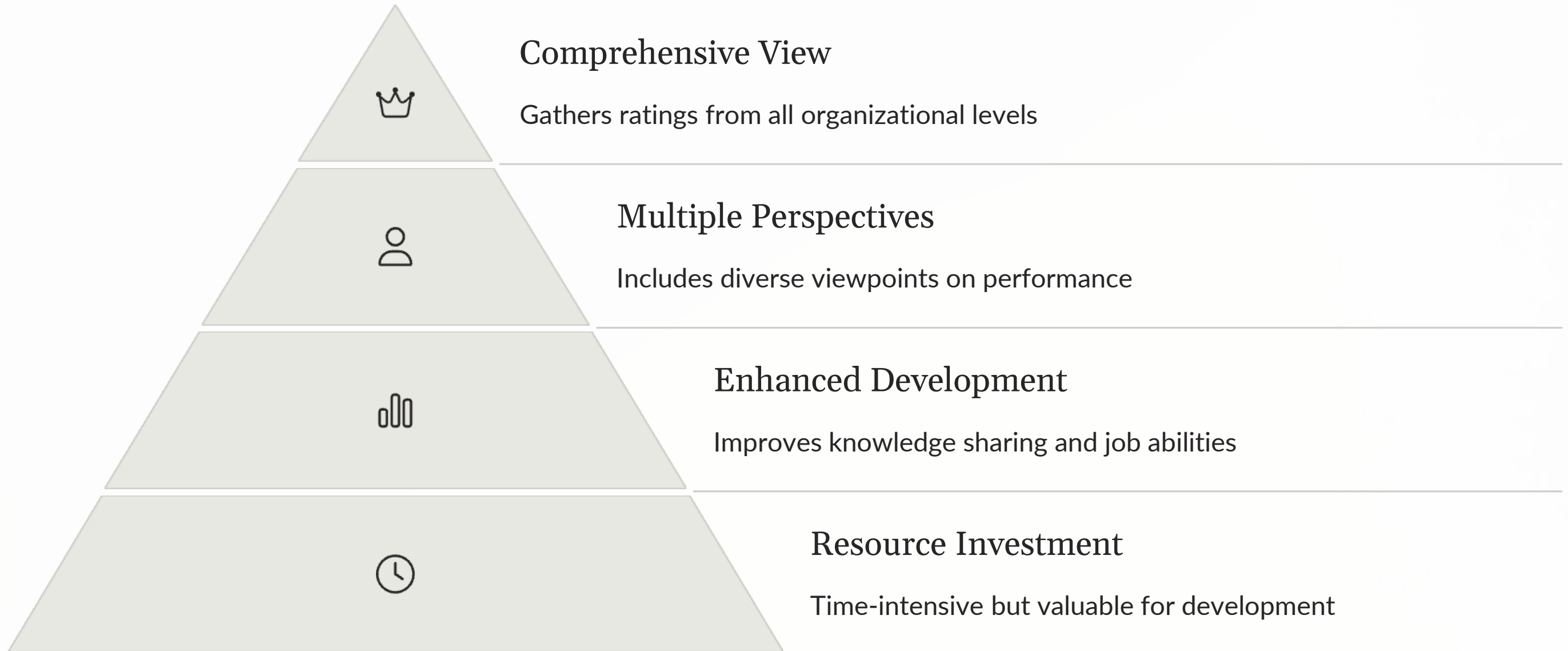
Examples

Customers evaluating suppliers, sales representatives, real estate agents, or stockbrokers.

Validity

Inherently valid - if the customer is satisfied, the employee has done their job.

360-Degree Feedback

Comprehensive View

Gathers ratings from all organizational levels

Multiple Perspectives

Includes diverse viewpoints on performance

Enhanced Development

Improves knowledge sharing and job abilities

Resource Investment

Time-intensive but valuable for development

Performance Rating Methods

Performance ratings fall into two categories: comparative and individual methods. Each offers unique advantages for evaluating employee performance.

Comparative Rating Methods

Rankings

Supervisors rank employees from best to worst. Simple but lacks absolute standards.

Paired Comparisons

Each worker is compared with every other worker. Becomes unmanageable with larger groups.

Forced Distributions

Workers are assigned to categories with fixed percentages. May create fairness issues.

Individual Rating Methods

Graphic Rating Scales

Most widely used method. Uses predetermined scales to rate workers on important job aspects.

Key Features

Typically has 7-12 key job dimensions derived from job analysis.

Effective Design

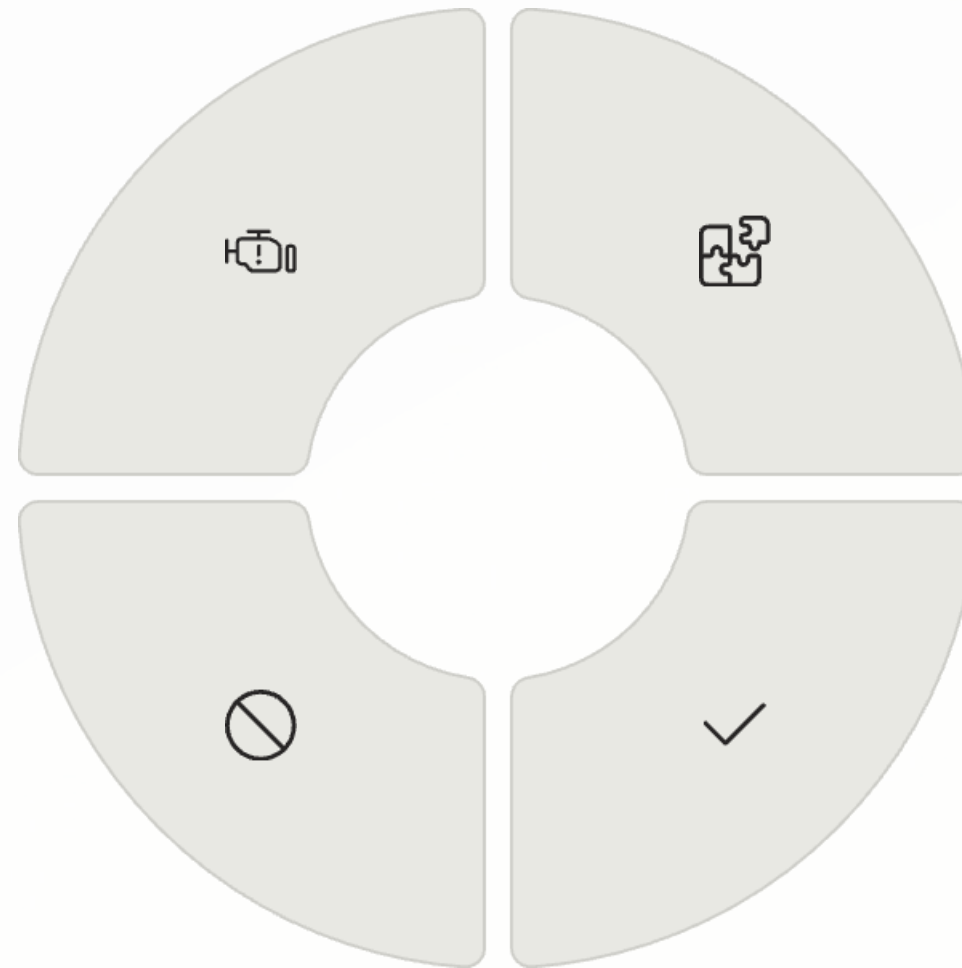Better scales clearly define dimensions and rating categories.

Limitations and Best Practices

Rating Biases

Tendency to give everyone "good" or "average" ratings.

Limited Dimensions

Few job dimensions may not produce a complete performance picture.

Generic Scales

Avoid "generic" scales for all persons and jobs within the company.

Job Relevance

Dimensions must assess performance of the particular job.

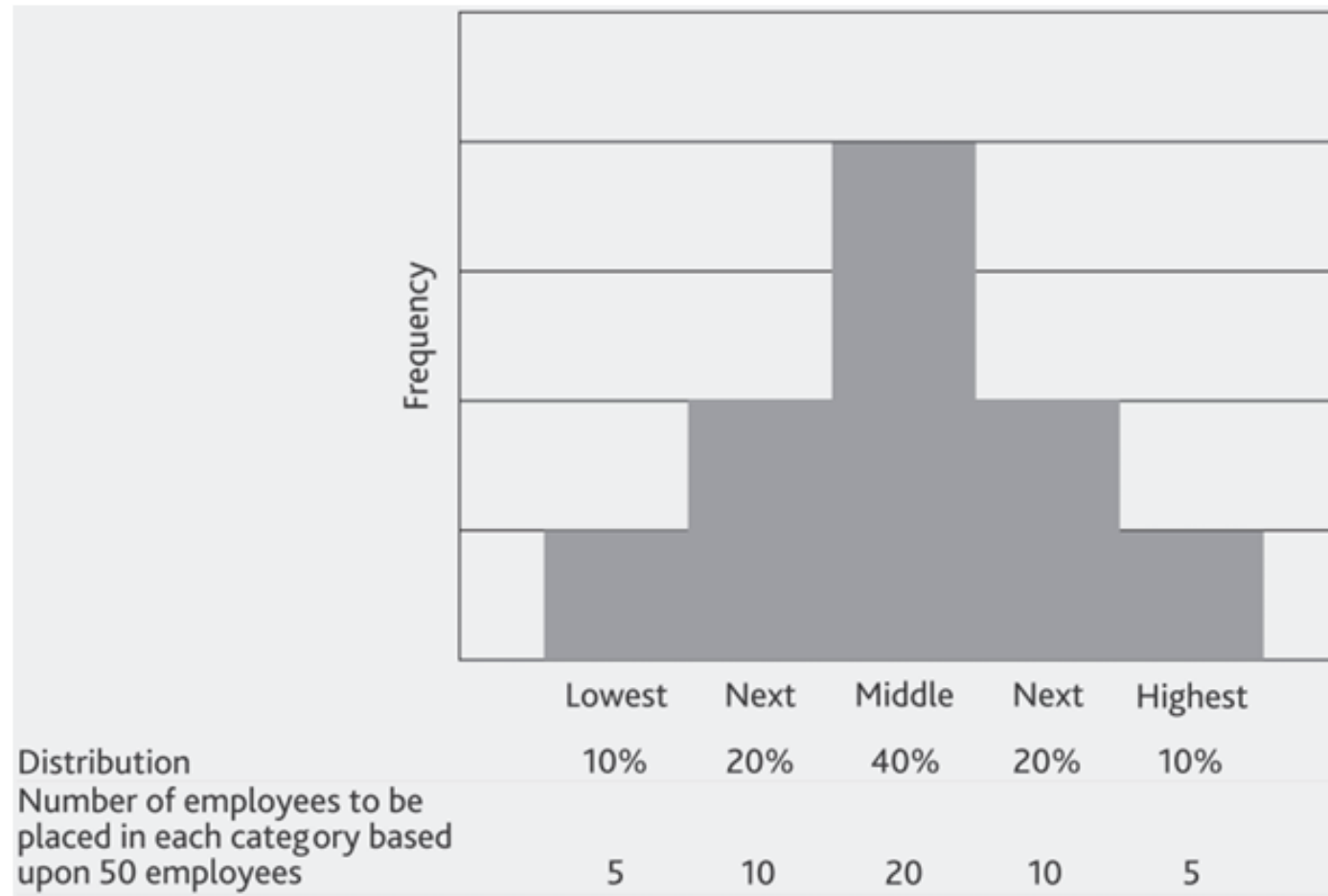| Distribution	Lowest	Next	Middle	Next	Highest
	10%	20%	40%	20%	10%
Number of employees to be placed in each category based upon 50 employees	5	10	20	10	5

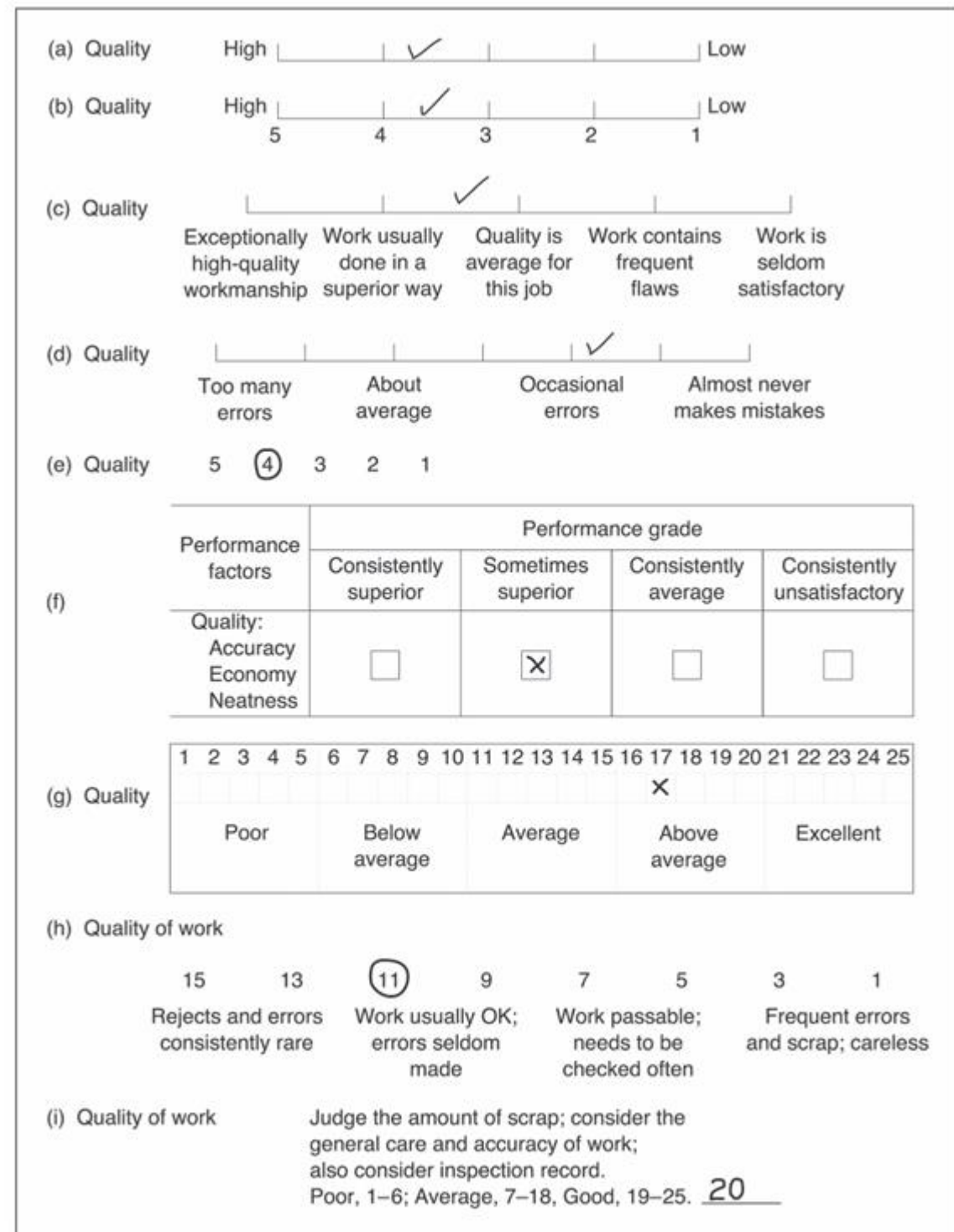*Figure 5.2* A forced distribution performance rating using five categories with a sample of 50 employees.

Figure 5.3 Examples of graphic rating scales.

Source: Found in Guion, 1965.

Performance Appraisal Methods and Pitfalls

Performance appraisals are essential for evaluating employee effectiveness. This presentation explores different rating methods and common pitfalls that affect accuracy.

Behaviorally Anchored Rating Scales (BARS)

Clear Scale Definition

Uses behavioral incidents instead of vague labels like "poor" or "good"

Job-Specific Focus

Forces raters to consider actual job behaviors

Reduced Bias

Helps overcome general biases and stereotyping

Development Intensive

Creation process is lengthy but produces detailed rating instruments

Alternative Rating Methods

Behavioral Observation Scales (BOS)

Focuses on how often workers perform key behaviors. Employees prefer this method over graphic rating scales.

Checklists

Series of job-related statements with numerical values. May reduce rating inflation but development is expensive.

Narratives

Open-ended written accounts. Offers freedom but lacks quantification and may contain subtle bias.

Job: Navy Recruiter

Job dimension: Salesmanship skills

Skillfully persuading prospects to join the Navy, using Navy benefits and opportunities effectively to sell the Navy; closing skills; adapting selling techniques appropriately to different prospects; effectively overcoming objections to joining the Navy.

8   A prospect stated he wanted the nuclear power program or he would not sign up. When he did not qualify, the recruiter did not give up; instead, he talked the young man into electronics by emphasizing the technical training he would receive.

7   The recruiter treats objections to join the Navy seriously; he works hard to counter the objections with relevant, positive arguments for a Navy career.

6   When talking to a high school senior, the recruiter mentions names of other seniors from that school who have already enlisted.

5   When an applicant qualifies for only one program, the recruiter tries to convey to the applicant that it is a desirable program.

4   When a prospect is deciding on which service to enlist in, the recruiter tries to sell the Navy by describing Navy life at sea and adventures in port.

3   During an interview, the recruiter said to the applicant, "I'll try to get you the school you want, but frankly it probably won't be open for another three months, so why don't you take your second choice and leave now."

2   The recruiter insisted on showing more brochures and films even though the applicant told him he wanted to sign up right now.

1   When a prospect states an objection to being in the Navy, the recruiter ends the conversation because he thinks the prospect must not be interested.

Figure 5.4 A behaviorally anchored rating scale (BARS).

Source: Found in Borman, 1986, p. 103.

Instructions: Below you will find a list of behavioral items. Read each item and decide whether it describes the person being evaluated. If you feel the item does describe the person, place a checkmark in the space provided. If the item does not describe the person, leave the space next to the item blank.

☐ 1   Regularly sets vague and unrealistic program goals

☐ 2   Is concerned only with the immediate problems of the day and sees very little beyond the day-to-day

☐ 3   Develops work schedules that allow for completion of projects provided no major problems are encountered

☐ 4   Is aware of needs and trends in area of responsibility and plans accordingly

☐ 5   Follows up on projects to ensure that intermediate goals are achieved

☐ 6   Looks for new markets and studies potential declines in current markets

☐ 7   Anticipates and plans for replacement of key personnel in the event of corporate relocation

Figure 5.5 A checklist rating scale for a project manager.

Note: This is only a portion of the checklist. Scores are derived based on the number of items checked and the scale values of those items.

Source: Found in Jacobs, 1986.

Common Appraisal Errors

Leniency/Severity Errors

Rating all workers too positively or negatively

Halo Effects

Overall rating based on one positive characteristic

Attribution Errors

Misattributing causes of performance

Recency Effects

Overemphasizing recent performance

Personal Biases in Appraisals

Relationship Bias

Favoring those with close personal relationships

Power Dynamics

Supervisors with high power make more negative evaluations

Demographic Factors

Biases based on sex, race, age, and physical characteristics
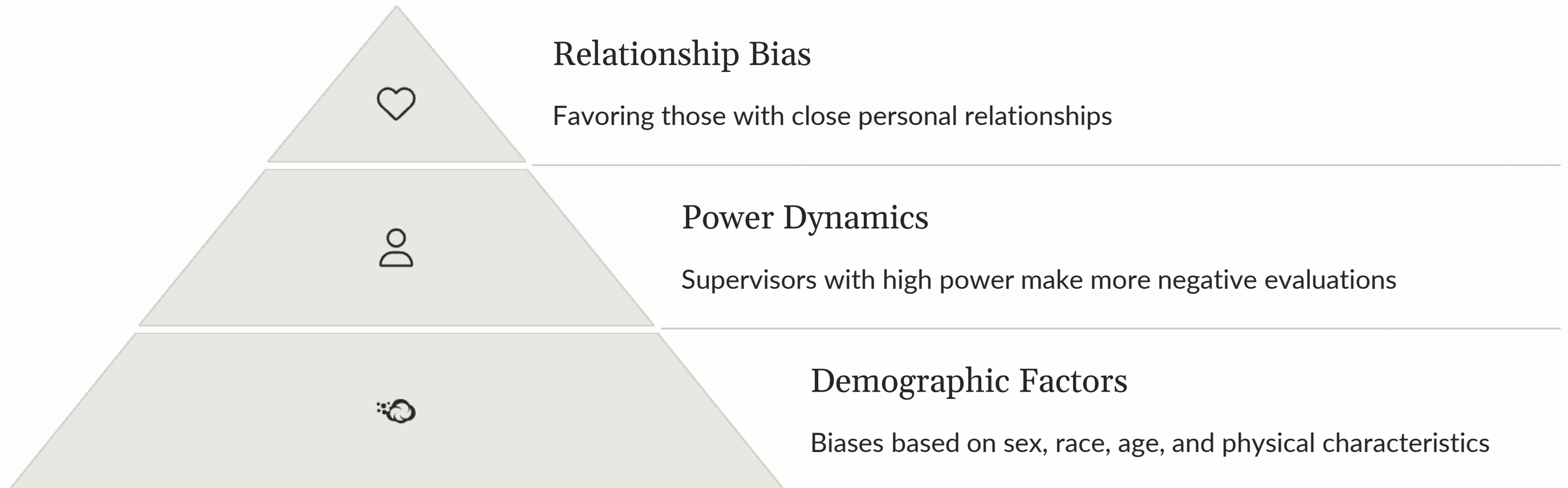
Cross-Cultural Considerations

Individual vs. Collective Focus

Many non-U.S. cultures prefer group-level evaluations over individual assessments.

Hierarchy Acceptance

Less egalitarian cultures may resist 360-degree feedback systems.

Feedback Style

Cultural norms affect how direct and "blunt" performance feedback can be.

The Dynamic Nature of Performance Management

In today's evolving workplace, jobs constantly change. Traditional performance reviews are becoming obsolete.

Many organizations now use frequent "check-ins" via apps instead of annual reviews. This approach addresses problems quickly and appeals to younger workers.

Modern Performance Assessment Approaches

Technology-Driven Feedback

Companies like GE use smartphone apps for regular feedback sessions.

Immediate Response

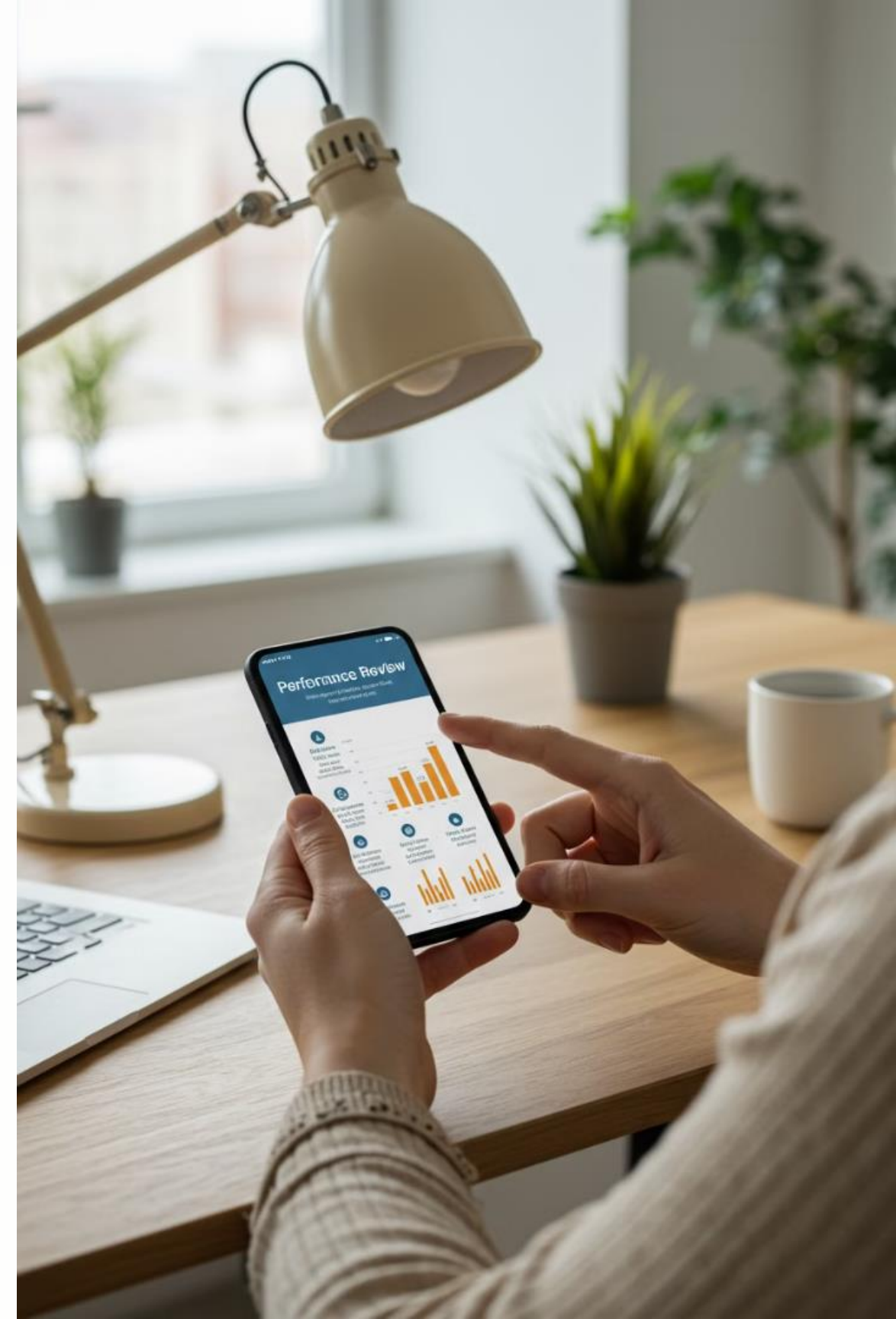Issues are addressed quickly, leading to faster raises and promotions.

Outsourced Evaluations

Many firms use external services to collect and analyze performance data.

Engagement Focus

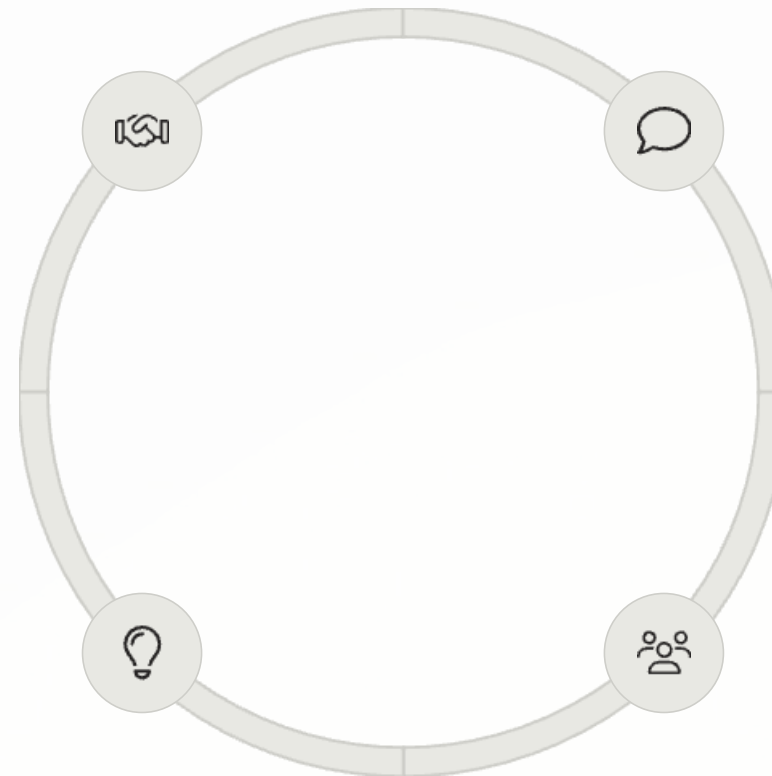Regular feedback creates a more engaged workforce.

Organizational Citizenship Behaviors

Helping Coworkers

Assisting new employees to "learn the ropes" faster.

Initiative

Willingness to learn new technologies or take on responsibilities.

Communication

Improving organizational communication flow through regular interaction.

Cooperation

Creating positive attitudes and avoiding destructive conflicts.

OCBs are behaviors that benefit the organization beyond job requirements. They correlate with job satisfaction and organizational commitment.

Table 5.3 Types of Organizational Citizenship Behaviors (OCBs)

Helping Behavior—voluntarily helping others with work-related problems; helping prevent others from encountering problems; keeping the peace/managing conflict

Sportsmanship—maintaining a positive attitude in the face of challenges or problems; tolerating inconveniences and impositions; not taking rejection personally; sacrificing personal interests for the sake of the group

Organizational Loyalty—promoting the organization to outsiders; defending the organization from external threats; remaining committed to the organization even under adverse conditions

Organizational Compliance—accepting and adhering to the organization's rules and procedures; being punctual; not wasting time

Individual Initiative—volunteering to take on additional duties; being particularly creative and innovative in one's work; encouraging others to do their best; going above and beyond the call of duty

Civic Virtue—participating in organizational governance; looking out for the organization (e.g., turning out lights to save energy, reporting possible threats, etc.); keeping particularly informed about what the organization is doing

Self-Development—voluntarily working to upgrade one's knowledge and skills; learning new skills that will help the organization

Source: Podsakoff et al., 2000.

Impact of Citizenship Behaviors

1   Individual Benefits

Employees who engage in OCBs receive more positive performance appraisals.

2   Team Advantages

Work groups with high OCBs are more productive and produce higher-quality work.

3   Organizational Outcomes

OCBs lead to better recruitment, retention, and organizational effectiveness.

4   Cultural Considerations

OCBs exist globally but are viewed differently across cultures.

Leaders play a critical role in encouraging OCBs by modeling these behaviors themselves.

Counterproductive Work Behaviors

Prevention Strategies

Fair treatment, reasonable workloads, clear job definitions

Contributing Factors

Stress, frustration, inequity, jealousy

Harmful Behaviors

Theft, sabotage, harassment, absenteeism

CWBs are deviant behaviors harmful to organizations and their members. They're more common in younger employees and those with lower job satisfaction.

Personality traits like agreeableness and conscientiousness negatively relate to CWBs.

Table 5.4 Examples of Counterproductive Work Behaviors (CWBs)

Said something hurtful to or made fun of a coworker

Acted rudely or publicly embarrassed a coworker

Took property from work without permission

Falsified a receipt to get reimbursed for more than you spent on a business expense

Took an additional or longer work break than is acceptable

Came in late to work without permission

Neglected to follow your boss's instructions

Used an illegal drug or consumed alcohol on the job

Dragged out work in order to get paid overtime

Discussed confidential company information with an unauthorized person

Made a derogatory ethnic, religious, or racial remark at work

Littered your work environment

Intentionally worked slower than you could have worked

Source: Bennett & Robinson, 2000.

Performance Appraisal Process

Performance appraisal is a complex decision-making process. It involves acquiring information, organizing performance data, and translating it into evaluations.

Effective feedback is crucial. Supervisors should maintain regular communication beyond formal reviews.

Cognitive Processes in Evaluations

🔍 **Information Acquisition**

Evaluators observe and collect performance data continuously.

🧠 **Information Organization**

Supervisors form "online" evaluations day-to-day rather than just at review time.

📊 **Information Retrieval**

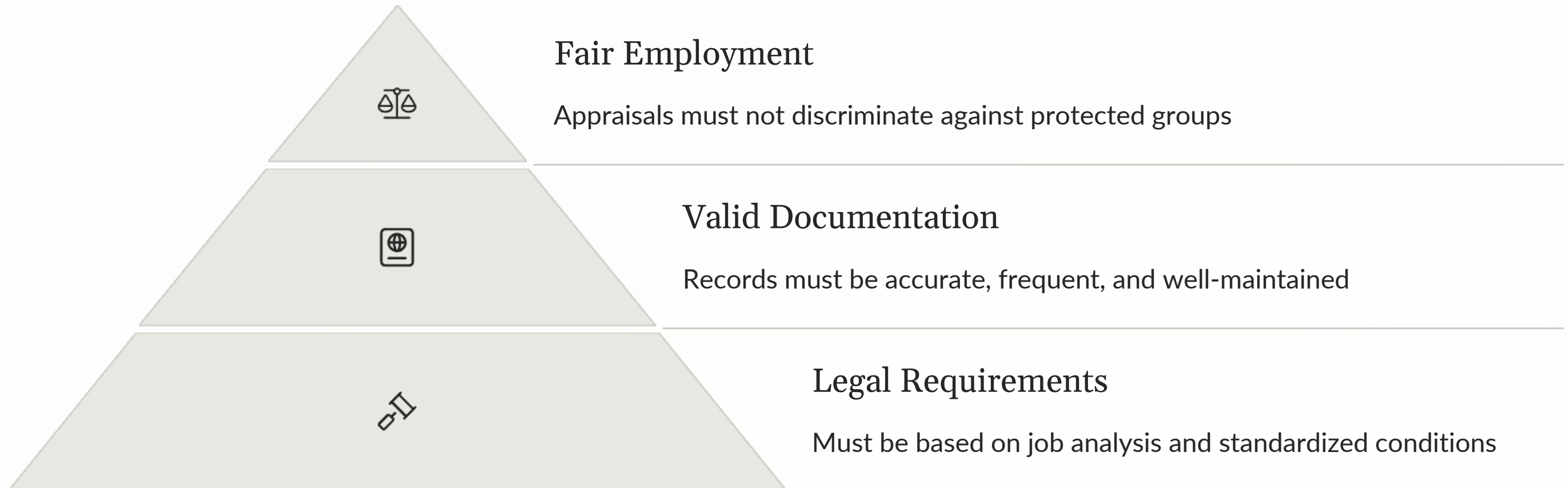Stored observations are translated into formal performance ratings.

💬 **Feedback Delivery**

Constructive feedback provides analysis and guidelines for improvement.

Legal Considerations

Fair Employment

Appraisals must not discriminate against protected groups

Valid Documentation

Records must be accurate, frequent, and well-maintained

Legal Requirements

Must be based on job analysis and standardized conditions

Despite legal protections, evidence shows discrimination persists in evaluations for women, people of color, those with disabilities, LGBTQ+ individuals, and pregnant employees.

Addressing Bias in Evaluations

Unconscious Bias

Many instances of bias are unintentional. The same behavior may be interpreted differently based on gender or race.

Creative ideas might be more readily noticed when exhibited by men than women.

Best Practices

Supervisors should use empathy during feedback sessions. Focus on what success looks like for the employee.

Managers should be evaluated on their ability to deliver effective appraisals.

Table 5.5 Guidelines for Effective Performance Feedback

1. Feedback should be descriptive rather than evaluative
2. Feedback should be specific rather than general
3. Feedback should be appropriate, taking into account the needs of the employer, the worker, and the situation
4. Feedback should be directed toward behavior that the worker can do something about or is able to change
5. Feedback should be well timed. More immediate feedback is usually more effective
6. Feedback should be honest rather than manipulative or self-serving
7. Feedback should be understood by both parties. If necessary, additional input should be sought to enhance and clarify the feedback process
8. Feedback should be proactive and coactive. When change in past behavior is required, specific directions for change should be provided. Both parties should agree on the need for change and the remedy
9. Feedback should not be used as an opportunity to criticize or to find fault with the worker. It should be a natural process in the ongoing superior–subordinate relationship

Source: Harris, 1993.

Table 5.6 Suggestions for a Good Appraiser Training Program

Hauenstein (1998) suggests that a good training program for performance appraisers should have the following:

1. Appraisers should be familiarized with the performance dimensions used in the evaluation system
2. Appraisers should be provided with opportunities for practice and feedback (using written or videotaped examples)
3. Appraisers should be informed about common rating biases and trained to reduce these biases
4. Appraisers should be trained to improve their observational skills and use notes and behavioral diaries
5. Training should improve appraiser's self-confidence in conducting performance appraisals
6. Appraisers should be trained to provide good feedback, to be sensitive to employees' reactions to evaluations, and to involve employees in the process as much as possible