



UNIT-4

Managing Performance

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Discuss goals and objectives of performance appraisal
- ✓ Explain and understand the performance appraisal process
- ✓ Identify different performance appraisal methods

Unit 4

Managing Staff Performance

What is Performance Management?

What is performance? Performance in business relates to various levels of productivity. Employees are deemed to be performing well when they are productive. Productivity is reached when an employee is concerned with effectiveness and efficiency. In this case, effectiveness refers to goal accomplishment but doesn't take into account the costs incurred in reaching the goal. That is where efficiency comes in. Efficiency considers the ratio of inputs consumed to outputs achieved. The greater the output is for a given input, the greater the efficiency will be.

It is not necessary to have objective measures of productivity such as hard data on effectiveness, number of units produced, or percent of crimes solved etc. or hard data on efficiency (the average cost per unit or ratio of sales volume to number of calls made, for example). As well as, productivity measured in terms of effectiveness and efficiency, performance also involves personnel data, such as numbers of accidents, turnover, absences, and tardiness. A good employee is one who produces well and also minimises problems for the organisation by coming to work on time, not missing days, and lessening the number of work-related accidents.

What is Appraisal?

An appraisal is an assessment or judgment of characteristics and/or performances of people. In business, this is usually referred to as performance appraisal. Based on the evaluation of the work and the employee's character, the 'worth' of the employee can be identified. Anything positive and negative i.e., their strengths and weaknesses, can be evaluated. This is not only useful for management but also for the individual employees because it gives them an idea of their position within the organisation.

Appraisals are vital for administrative decision makers. These include decisions about selection, salaries, training, promotion, and transfers, etc. Identification of employees performing well, or not well, and the reasons why, is an area where performance appraisal is extremely useful.

Goals of Performance Appraisal

Performance appraisals are an essential component of organisational and employee evaluations. They are not simply a checklist of do's and don'ts. Coming from the company's perspective, these appraisals identify where productive and efficient work is being done, and if the work assists in meeting objectives, both of the organisation and of individual departments. Every employee must ensure that their

performance supports their supervisor's performance objectives. This should then continue up all levels of the company, the ultimate level being the corporate strategic goals being met.

Clear communication of work expectations is necessary to ensure the employee can perform his/her functions properly. If employees know exactly what is expected and have clear direction, they can better cope with stress. Correctly designed performance appraisals also assist in employees' personal development.

In order to design effective performance appraisals, four criteria need to be implemented. They are:

- a) Employees must be involved in the evaluation and development process.
- b) Supervisors need to perform appraisals with a constructive and helpful attitude.
- c) Realistic goals must be mutually set.
- d) Supervisors must have clear knowledge and understanding of the employee's job and performance.

Objectives of Performance Appraisal

Specific objectives of performance appraisal include:

- a) Reviewing past performance
- b) Assessing training needs
- c) Helping individuals develop
- d) Auditing skills within the organisation
- e) Setting targets for future performance
- f) Identifying potential for promotion.

Some employees view performance appraisals as the organisation trying to apportion blame and to provide a foundation for disciplinary action. If this is the case, then, even a well-planned performance appraisal will most likely fail. It is imperative that appraisals have very specific objectives. These should be clear *and* relate to the organisation's overall strategy. They must always be seen as fair and not create any cause for conflict. In this way, it is more likely that the appraisal system will highlight any areas that need improvement, a change of direction, and further opportunities.

The Performance Appraisal Process

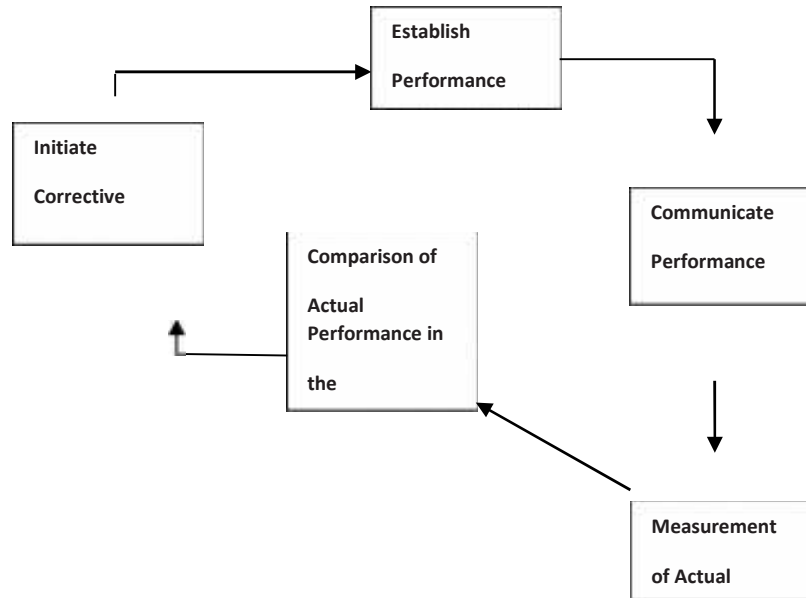
The appraisal process goes like this:

- 1) Appraisal starts with the setting of performance standards. These should have grown from job analysis and job description. The standards for performance must be clear and objective enough to be understood and measured. Standards are sometimes written as phrases like "full day's work" or "a good job." These are quite vague and don't really express anything specific. The expectations

managers have of their subordinates in terms of work performance must be detailed and clear enough in their minds. This is so that managers can, at some later date, communicate these expectations to their employees and assess their performances against these already established standards.

- 2) The expectations should be communicated clearly after the performance standards are established. The employees can't simply guess what is expected of them but unfortunately, many jobs have ambiguous (unclear) performance standards. The problem becomes worse if the standards are not communicated to the employees. Communication, however, is a two-way process. A manager simply transferring information to subordinates is not necessarily communication. The information conveyed must be received and understood as well. To make sure this is the case it is necessary to have feedback. This way it will be clear if the information from manager to employee has been received and understood.
- 3) The third step in an appraisal process is a measurement of performance. It is necessary to get information about a particular performance, if a determination of what it is exactly is made. It is important to know what you are measuring and how you are going to measure it. There are four main sources of information that managers use to measure performance: observation, statistical reports, verbal reports, and written reports. If all of these sources are combined a more accurate measure can be made. Rather than *how* something is measured, it is *what* is measured that is really important. If the wrong criteria are chosen as a measure, serious dysfunctional consequences could result. The criteria that is used to measure, must represent performance as mentioned in the first two steps of the appraisal process.
- 4) The fourth step is comparing performance with standards. This step is necessary to take note of any deviations between the standard performance and the actual performance of the employee. Presenting an accurate appraisal can be a challenge for the manager as well as getting the employee to accept the appraisal in a positive manner. This is extremely important because if the appraisal is viewed in a negative way the employee's self-esteem may suffer a blow and therefore his/her future performance may be impacted. This is why it is critical to ensure both positive and negative feedback is delivered in a constructive way. Motivation will then usually remain at a good level.
- 5) Finally, organisations must have a process of corrective action whenever needed. This can be done in two ways: a) immediate action that deals with the symptoms. This is where immediate problems are dealt with and b) identify the causes. This step is where the issues or problems identified are adjusted permanently. Immediate action deals with making corrections right away to get productivity back on track. The second, which is a more basic action, must be used to discover how and why performance digressed in the first place and what can be done to ensure it doesn't happen again.

Figure 5.1 below summarises the performance process.



Benefits of Performance Appraisal

The benefits of performance appraisal can be classified in three ways: for the organisation, for the appraiser, for the person being appraised.

1) For the Organization:

- a) Improved organisational performance because the organisation's objectives and values have been effectively communicated. More cohesiveness, loyalty, and improved relationships between management and staff will also flow on.
- b) Employees perform tasks better and more efficiently.
- c) Identification and ideas for improvement.
- d) Long-term expectations can be developed.
- e) Identification of training and development needs.
- f) Creation of a culture that seeks to continually improve and succeed.
- g) Identification of employees with potential and career development plans made for future staff requirements.

2) For the appraiser:

- a) Development of an overview of individual jobs and departments.
- b) To be able to come up with ideas for improvement.
- c) The linking of team and individual goals and targets to departmental and organisational goals.
- d) The clarification of manager expectations of teams and individuals.
- e) Re-prioritising of targets.
- f) A chance to form a more productive relationship with staff and to attain mutual trust and understanding.

3) For the person being appraised the benefits would be:

- a) Improved motivation.
- b) Improved job satisfaction.
- c) A boosted feeling of personal value.

Performance Appraisal Methods

How does a company, specifically managers, establish performance standards and come up with effective ways to measure and assess employee performance? There are several ways to assess employee performance.

These include the following:

1) Critical Incident Method

With this method, the manager, or person assessing, focuses on critical or key employee behaviours that will decide if the job is being done effectively or not. The assessor will note what the employee does that is especially effective or ineffective. This way, the behaviour itself is actually reviewed, rather than obscure personality traits, and this is more valid because it is better related to the job. If the assessment is that the employee is 'aggressive' or 'relaxed' for example, it does not express how the job is actually being done.

The focus should be on behaviours which are critical to working effectively and judging performance. Citing many different behaviour patterns that the employee displays is helpful because the employee can be shown which of his/her behaviours are desirable and which need improvement. There are, however, some negatives to this which are: a) Supervisors tend to not want to write reports daily or even weekly for every one of their subordinates because it is time consuming and burdensome for

them. b) Critical incidents are not easy to measure so comparing and ranking of subordinates is difficult.

2) Checklist

The checklist must contain descriptions of behaviour and which ones the employee demonstrates. The assessor can just tick 'yes' or 'no' on the list. When this is finished it is usually the personnel department that will give a rating. So, the assessor doesn't evaluate performance, just records it and the personnel department does the rest. The HR analyst will actually rate and score the employees including ranking them in order of importance. When this is done, the manager or HR person will discuss the results with the employee and provide feedback.

3) Graphic Rating Scale

Using a graph as a rating scale is one of the oldest ways of assessing employees. Graphs can be designed to assess quantity and quality of work, co-operation, loyalty, reliability, honesty, attitude, and attendance. It is, however, difficult to rate things, such as loyalty and integrity, unless they are carefully defined as behavioural terms. With this method, the assessor will go through the list and mark what best describes the employee. Usually there will be 5 to 10 points on the graph. It is important that the graph be designed in such a way so as to avoid any bias.

There are advantages to this method that include:

- a) They are less time-consuming to develop and administer.
- b) They allow quantitative analysis.
- c) There is more standardisation on the checklist so comparing many different individuals in different job categories is possible.

4) Forced Choice Method

This method uses a special kind of checklist where the assessor must choose between two (or more) statements that describe the employee in favourable or unfavourable terms. The assessor must choose which statement is more (or less) descriptive of the person being evaluated. The assessor does not know how the checklist will be rated; that is the job of personnel. This way there can be no bias on the assessor's part. The advantages of the forced choice method include:

- a) Reduced chance of bias because the assessor does not know the "right" answers.
- b) It assesses overall performance.
- c) It is based on employee behaviour.

5) Behaviourally Anchored Rating Scales

These scales are a mix of major elements from the critical incident and graphic rating scale methods. The assessor must rate the employees based on certain points along a continuum. The points are examples of employees' behaviour on the given job and not general descriptions or traits. Behaviourally anchored rating scales identify certain observable and measurable job behaviour. Examples of job-related behaviours and performance aspects can be identified by asking participants to give clear examples on effective and ineffective behaviour regarding each performance aspect.

The behavioural examples are then interpreted into appropriate performance dimensions. Those that are put into the dimension, for which they were generated, are kept. The last group of behaviour examples are then put into a numerical scale to a level of performance that each is seen to represent. The examples that are viewed as having a high agreement on performance effectiveness by the assessor are kept and used as anchors on the performance dimension.

The above results are a behavioural description of how the employee anticipates, plans, performs, resolves immediate problems, carries out orders, and manages emergency situations.

This method has several advantages, such as:

- a) It tends to reduce rating errors.
- b) It assesses behaviour and not traits.
- c) It makes it clear to the employee and the assessor which behaviours show good performance and which show bad performance.

6) Group Order Ranking

Group order ranking involves rating employees and placing them in categories (or classifications) such as 'top one fifth' or 'second one fifth.' The employees are ranked in the top 5%, the next 5% and the next 15% by the assessors. Since this is the case, it is necessary for assessors to ensure the numbers are accurate.

For example, if there are 20 employees being ranked, then only four can be in the top fifth and 4 in the next fifth, etc. This system works well because the assessors can't make everyone look good by inflating the numbers. It does, however, have certain disadvantages:

- a) It doesn't tend to work well on small employee numbers. If, for example, the assessor is rating only four employees, it is possible that they all might be excellent and the assessor may be forced to rank them into top quarter, second quarter, third quarter, and low quarter. This would not necessarily show accuracy.
- b) The "zero-sum game" consideration. This means, any change has to add up to zero. So, if there are 12 employees in a department working at different levels of effectiveness, only three can be in the top quarter, three in the second quarter, and so forth. The sixth-best employee, for instance, would be in the second quarter. However, if two employees in the third or fourth

quarters leave the department and are not replaced, then the sixth best employee will be moved to the third quarter.

- c) Comparisons are relative so an employee who is average in his/her performance may score high only because he or she is the 'best of the worst.' An excellent performer might be matched against exceptional competition and may be assessed poorly even though in terms of his/her performance the employee is outstanding.

7) Individual Ranking

This is a simpler method of ranking, in which the assessor just has to list all employees in order from highest to lowest. This way, only one can be ranked as number one or the best. If the assessor ranks thirty employees then this ranking method has the same advantages and disadvantages as group order ranking.

8) Paired Comparison

Paired comparison is a way of comparing each employee and job with another employee and job. It is a way of comparing people in groups of two and making a judgement on which one in the pair is preferred or has more qualities that are required for the job. Paired comparison is a good way to weigh up the importance of different courses of action. It is particularly useful when there are priorities that compete in importance.

It grades each individual in relationship to all of the other employees. For example, if ten people are being graded, the first person is compared with each of the other nine and the number of items this employee is preferred in any of the nine pairs is charted. Then the other nine employees are compared in the same way, and they are all assessed by the biggest number of preferred aspects. This method means that each employee is compared against every other, however, if large numbers of people are being compared it can become unmanageable.

9) Management by Objectives

MBO is a procedure that adapts organisational objectives into individual objectives. It is a four step process: goal setting, action planning, self-control, and periodic reviews.

- a) The company's objectives should be used as guidelines when setting goals for departments and individuals. When dealing with the individual employee's goals, the manager and the employee together identify the goals that are necessary for the employee to fulfil his/her job requirements as determined in the job analysis. The agreed upon goals will become the standards by which the employee will be assessed.
- b) When it comes to action planning, the way of achieving the established goals that have been set are determined. Plans are developed to help the employee reach the objectives. So, it is necessary

in this step to find what activities and what resources are needed to successfully complete every activity.

- c) Self-control is ideally about the individual employee monitoring and measuring his/her own performance. The concept of MBO assumes that individuals can be responsible and exercise self-direction without threats of punishment or any outside control being necessary.
- d) Periodic progress reviews initiate corrective action when behaviour differs from the standards in the goal-setting phase. Again, MBO philosophy means the manager-subordinate reviews are done in a constructive way, not a punitive one. Reviews are intended to help individuals' future performance, not to shame the individual. It's a good idea for these reviews to happen two or three times a year.

The advantages of MBO are:

- a) It is result-oriented. It helps the planning and control functions and provides motivation.
- b) Employees know what is expected of them and how they will be assessed.
- c) Employees have more commitment to goals that they have participated in developing than to those that have been set by their bosses.

10) 360 - degree appraisal

The "360 - degree appraisal" is also known as multi-rater feedback, multisource feedback, full-circle appraisal, and group performance review. It involves a process of gathering perceptions about an employee's behaviour and the impact of that behaviour. The perceptions should come from the boss, direct reports, colleagues, fellow members of project teams, and internal and external customers and suppliers.

360 - degree feedback is a way of providing each employee the opportunity to get performance feedback from his/her supervisors and four to eight peers, subordinates and customers. It allows each employee to understand how his/her effectiveness as an employee, co-worker, or staff member is seen by others. The most effective way is giving feedback that is based on behaviours that other employees can see. The feedback gives insight about the skills and behaviour needed to accomplish the mission, vision, goals and values of the organisation. The feedback is firmly rooted in behaviours needed to exceed customer expectations. It is those who are in close contact with the employee on a regular basis that are chosen to be assessors and give feedback. The purpose of the feedback is to:

- ℵ help each employee understand his/her strengths and weaknesses;
- ℵ contribute understanding to any aspects of his/her work that need professional development.

The major considerations in using 360 degree feedback are below. These are concerned with how to:

- a) choose the feedback tool and process

- b) choose the raters/assessors
- c) use the feedback
- d) review the feedback
- e) manage and incorporate the process into a larger performance management system.

Features of 360 degree appraisal

Companies that use the 360 degree appraisal system have found a number of positive aspects. These aspects are evident in a well-managed and well-integrated 360 degree process.

- a) **Improved feedback from more sources:** Offers comprehensive feedback from peers, reporting staff and managers/supervisors. It is usually better than feedback from only one source or person. It also helps in saving time for managers because other people participate in getting the feedback as well so it doesn't all fall on the manager. It is important to get feedback from co-workers because it assists employees understand how other workers view their work.
- b) **Team Development:** This is a way of helping team members work together in a more effective manner. Team members will know more about each other than anyone else in the company. Using multiple people to assess someone ensures that team members become more accountable to each other. They understand that they will all give feedback on each other's performances. If this is done in a way that is well-planned, it can improve communication and team development, as well.
- c) **Personal and Organisational Performance Development:** 360 - degree feedback is considered one of the best ways of understanding personal and organisational development needs.
- d) **Responsibility for Career Development:** Companies are not really entirely responsible for developing employees' careers. Because of this, multiple-assessor feedback is a great way to give information to others on how they can improve their careers. It is also felt by many employees that this 360 - degree feedback process is accurate and more reflective of their work performances. As such, the information provided is more useful for employees' careers and personal development.
- e) **Reduced Discrimination Risk:** Reducing discrimination is important and when feedback is given from many different sources discrimination is reduced.
- f) **Improved Customer Services:** The feedback received enables employees to provide a higher quality of products or services. It helps individual employees improve the quality, reliability and promptness of services or products to their customers.
- g) **Training Needs Assessment:** Multi-rated feedback gives wide-ranging information about organisation training needs. In this way it helps in creating suitable training programmes which add value to the contribution made by the individual employees.

Benefits of a 360 - degree appraisal:

To the individual:

- a) It helps individuals understand how others perceive them.

- b) It exposes blind spots.
- c) It offers feedback that is necessary for learning.
- d) Individuals are able to better manage their own performances and careers.
- e) Quantifiable data on soft skills is made available.

To the team:

- a) It improves communication between team members.
- b) It achieves higher levels of trust and better communication as individuals recognise the causes of breakdowns.
- c) It creates better team environments because people learn how to treat others and how they want to be treated.
- d) It promotes teamwork by involving team members in the development process.
- e) It increases team effectiveness.

To the organisation:

- a) It strengthens corporate culture, openness, and trust.
- b) It offers better opportunities for employee career development.
- c) Employees are able to grow in their jobs and have promotional opportunities.
- d) It improves customer service by allowing customers to contribute to the evaluation.
- e) It assists in determining the conduct of relevant training programmes.

Performance Counselling

Performance counselling's main aims are to help employees conquer their weaknesses and also, reinforce their strengths. In this sense it is a developmental process where the supervisor and employee discuss the past performance with the intention of helping the employee improve and become more effective in the future. Appraisal reports serve as catalysts for discussion. One of the resultant effects of this interaction between the two parties is that they can identify training needs. Counselling provides an opportunity for the supervisor to give feedback to the employee on his/her performance and performance related behaviour. Feedback can be an effective tool if:

- a) There is a discussion of both the positive as well as the negative.
- b) A descriptive explanation can be communicated when giving feedback about employee performance rather than it being an evaluative explanation. It should be backed by the facts and not based on opinion.
- c) It focuses on the employee's behaviour and not on the employee as an individual.
- d) It is not delayed but rather done within an appropriate timeframe. Delayed feedback is neither helpful nor effective as it might be seen as criticism and this could adversely affect the relationship. The longer the time that passes, the more details are forgotten and recall may be affected by

distortions. There are certain conditions identified for effective counselling. The following are some of the more important ones:

- A climate of openness and trust is necessary. When people are anxious or perhaps even hostile, the focus should be on proper counsel and help rather than being critical.
- The counsellor should be sensitive and helpful rather than being critical and trying to find fault.
- The employee should feel comfortable enough to be able to participate without any hesitation or reserve.
- The emphasis should be on the work-related problems and difficulties rather than personality or likes, dislikes or mannerisms.
- There should not be any discussions about salaries, rewards or punishments. Once the discussion turns to compensation it changes the emphasis from performance improvement to the relationship between performance and reward. Counseling is not easy therefore it is important, if not imperative, for the supervisor to be specially trained in social competence in order to be able to handle these aspects of the job. The skill required to handle these situations well is often referred to as the use of a non-directive technique. The approach is one of generating information and using this information to help employees. A good way of using the non-directive technique could be to start the interview with, "Tell me how you think you are doing." This immediately provides a platform for the employee to talk about his/her part of the story first.

The main point is to provide employees opportunities to talk and share their experiences. The supervisor must then listen to and process the information in order to provide appropriate feedback. Supervisors are sometimes hesitant to initiate performance counselling sessions because employees may be fearful that the sessions may raise certain questions for which they may not have answers. Another reason is that they may question their judgments and decisions and this could lead to arguments, debate or misunderstanding. That is why supervisors need to be trained in counselling session techniques. Being able to identify employees' skills or abilities which are not yet used or even known by the organisation is the main outcome of performance counselling. Potential appraisal and performance appraisal are actually very different. The issue with performance appraisal is that it is limited to the assessment of how an employee has performed in his/her job role. Potential appraisal, on the other hand, is a way of exploring what the employee can do including things that he/she is not currently doing. There are quite specific advantages to conducting a thorough potential appraisal and they are:

- a) Individuals who are now able to handle higher responsibilities can be identified by the organisation.
- b) It sends the message that people are not working in dead-end jobs in the organisation and there is room to move up.

The Potential Review/Career-Development Interview

The basic framework of this interview and the general approach is similar to the performance appraisal interview. There are three phases of the interview and they should be done in this way:

Pre-interview preparation

1. Employees who are to be interviewed must prepare themselves. They must think carefully about their own personal career goals and honestly analyse their strengths and weaknesses. They must also carefully consider what training needs they may have as well as employment preferences.
2. The managers who are conducting the interviews should study the relevant personnel records. This would include things like career history, staff reports, performance-appraisal summaries and training records. Consulting responsible line managers to ascertain if any changes have occurred since the last report is necessary as well as clarifying information about current performance and potential.
3. Specific objectives to be achieved in each particular situation are also needed and these must be determined beforehand.

The interview

- 1) The interview should be done according to the following broad plan:
 - Ñ A clear explanation of the general purpose and scope of the interview.
 - Ñ Discussion of the individual's career to date in terms of recognised strengths and weaknesses, likes and dislikes, employment and preferences. Data from 'life-lines' or other such exercises may be helpful.
 - Ñ Discussion of the employee's future in terms of the potential revealed by past performance, the opportunities that the organisation is able to provide and the individual's needs for training and education.
 - Ñ Summing-up of agreements about action required.
- 2) As with the performance appraisal, this is a problem solving, counselling situation and the requirements for its successful conduct are essentially the same.

Approaches to Appraisal Interviewing

It is generally agreed that appraisal interviews must take place at the very least every twelve months, be conducted by an immediate supervisor, and take approximately one to two hours. It is important to note that most guidebooks state that appraisals should be done on a continuous basis and this means that feedback on performance should not only be positive feedback on good performance. It should be given nearer to the time the good performance actually happened and the interview should summarise what has been conveyed to employees on an on-going basis. An annual interview is not as effective as regular, informal types of feedback.

There are three different types of appraisal interviews and they each have different goals therefore they all require different skills from the appraiser.

The recommended steps are mentioned below:

1) Preparing for the interview

- Ñ Ensure the employee has enough notice.
- Ñ Send self-assessment forms to the employee for completion.
- Ñ Make notes throughout the year of the employee's performance.
- Ñ Make sure there is at least a one-hour interview in an informal setting. Make sure there will be no interruptions.
- Ñ Determine in advance what the purpose of the interview is - i.e., what the interviewer will do with the information obtained.
- Ñ Be properly informed. Read over the relevant files and get any missing information.
- Ñ Identify what main issues are to be addressed (e.g., past objectives, successes achieved, and problems encountered) and the relevant questions, which are needed to be asked.

2) Just before the interview

- Ñ Make sure that telephones and other interruptions are avoided.
- Ñ Make sure that the room is appropriate and the furniture is suitably arranged.
- Ñ Greet the employee and try to put him/her at ease.

3) Structure of the interview

- Ñ Explain the purpose, scope, and form of the interview.
- Ñ Discuss the job in terms of objectives and demands.
- Ñ Allow the employee to discuss their perceived strengths and weaknesses.
- Ñ Discuss how formerly agreed objectives have been met.
- Ñ Agree on future objectives.
- Ñ Identify and discuss any development needs.
- Ñ Summarise the agreed plans.
- Ñ In the event of disagreement, explain the details of any appeals procedure.

4) During the interview

The opening

- Ñ Ask (open) questions which initially draw out employee reactions and ideas (remember to let the employee do most of the talking).
- Ñ Start with the strong points/good performance of the employee.
- Ñ Establish the order of the interview, but also be prepared to be flexible.

- ñ Try not to make any hasty judgements especially if there is only minimal evidence to support them. Very importantly, keep any personal prejudices out of the interview.

The middle

- ñ Encourage the employee to suggest ways of continuing his/her good performance.
- ñ Encourage the employee to discuss weaknesses and think of any ways he/she could improve.
- ñ Ensure the interview keeps moving at an appropriate pace, and balance obtaining information within the planned time limits.
- ñ Take relevant notes to aid memory, but try not to make this too obvious by losing eye contact.

The end

- ñ Ask the employee to summarize the main points of the discussion and the agreed steps of action that need to be taken.
- ñ Check employee agreement on and commitment to the actions.
- ñ End on a high note.

5) Throughout the entire interview

- ñ The interviewers questioning skills are very important. Start with open questions and use a sensible mixture of open, probing, closed and reflective questions. Avoid hypothetical and multiple questions.
- ñ Maintain active listening skills.
- ñ Ensure that any criticism is constructive in nature.

6) After the interview

- ñ Send a copy of the report to the employee.
- ñ Follow up any necessary action steps.
- ñ The appraiser must also evaluate his/her own performance by asking him/herself certain useful questions. These include things like whether or not the interview produced any new knowledge.

Career Development

Career development is when an organisation puts processes into place to ensure that when needed, the right people with appropriate qualifications are placed in the right positions. Career development brings advantages to both the employee and organisation as developed employees add more value to an organisation and themselves. They are better prepared for the jobs they undertake. As such, career development exposes employees to activities that prepare them for fulfilling the present and future needs of the organisation. The tools of career development include proper skills, education, behavioural adaptation, experience, and refining techniques. With these skills employees are able to work better and add more value to themselves and the company.

Career developments include methods of discussion with knowledgeable people, company materials, performance appraisal systems, workshops and planning for personal development. Organisational development is important as it is a way of developing total units behaviour. This development includes feedback from surveys, quality circles, sensitivity training and team building.

Career Path

Appraisals and, in particular, potential appraisals, are used to assist employees move into higher positions in an organisation. Working in dead-end jobs where they will not grow or learn different skills is not usually appealing to people. Therefore, having obvious steps that can be taken is a necessary part of human resource management. For the most part, HRM people prefer restructuring a job in such a way that long and orderly career growth is provided. Career path refers to opportunities for growth within an organisation and the availability of these opportunities is a way of providing great motivation. It also assists in planning salary structures, identifying training needs and developing a second line command.

There are two types of career paths:

- 1) Where the job stays pretty much the same but the designations change to a higher level position. For example, in teaching where an assistant professor becomes an associate professor, then a professor. The nature of the job doesn't really change but the title does and this means a lift in status, better salary, benefits, and perhaps better working conditions.
- 2) In jobs where changes in positions bring about changes in the job as well as a higher salary, higher status, more benefits, and better working conditions. In the engineering field, for example, employees might grow in the same line and have more responsibilities or may be moved to other projects with changed job demands. Assessment Centre is an important method of assessing the promotion abilities of employees. This method uses many different techniques to assess and evaluate employees to fill certain manpower needs within the company. Situational tests, preparation of reports by employees after analyzing a problem, oral presentations or answering mail in in-basket situations are all part of the assessment. Making decisions in certain situations is also used to assess an employee. The people evaluating the employees carefully observe the behavior and then write independent reports on their strengths and weaknesses.

Organisational Career Planning: This is the planned progression of a job that has been worked out by the company to help its employees develop. Organisational career planning involves the company identifying paths and activities for employees to develop in their respective areas. Career paths are flexible lines of movement for employees to move along during their employment time with a company. If employees follow a set career path they can undertake career development with the company's assistance. Sometimes, this would mean that an employee may have to weave his/her way from company – to - company and position – to - position in order to get more experience.

Individual Career Planning - self-assessment: Career planning is when an employee continuously evaluates his/her abilities and interests, considers alternative career opportunities and determines career goals and plans concrete developmental activities. Understanding the self and self-assessment must come before any planning. When this is done the employee will be in a position to determine realistic goals and find a way of achieving those goals. Understanding his/her strengths enables an employee to use these strengths to their highest advantage. Understanding their weaknesses is important, too, as it enables employees to overcome them.

Survey on Likes and Dislikes: Part of the self-assessment process includes considering likes and dislikes. Surveys with likes and dislikes are also useful in understanding and recognising restrictions that individuals place upon themselves. Self-assessments help employees understand their motives and set the scene for pursuing a career. Successful career planning is usually easier for people who know themselves well. Sometimes people get side-tracked by choosing careers that are not best for their skills and strengths. When the self-assessment and surveys have taken place, management can develop programmes that relate specifically to employees' needs.

Organisational career planning must start by redefining the way work is done. Career planning is a continual process.

Programmes for career planning should aim to achieve one or more of the following goals:

- Ñ Effective development of available talent.
- Ñ Self-appraisal opportunities for employees considering new or non-traditional career paths.
- Ñ Development of career paths that are across divisions and/or geographic locations.
- Ñ Demonstration of a tangible commitment to CEO and affirmative action.
- Ñ Satisfaction of the employees' specific development needs.
- Ñ Improvement of performances.
- Ñ Increased employee loyalty and motivation, leading to decreased turnover of staff.
- Ñ A method of determining training and development needs.

Successful career planning depends on whether (or not) a company can satisfy those that are considered the most crucial to employee development and the achievement of the organisational goals.

Succession planning: Succession planning and career development are strongly connected with one another. When they are used together, happier and more productive employees will be the outcome. This then makes the organisation move towards being growth-oriented and, of course, this leads to better financial results. Another plus is that future business needs can be prepared for based on both corporate and individual growth.

It is important to connect things like career development, evaluations, annual reviews and orientation programmes to organisational goals. When this is done, a workable process will be achieved which

consistently addresses business needs for finding, maintaining, and placing appropriate talent in key positions. It is critical to have internal career development programmes as it assists in keeping valued employees while at the same time ensuring more control over the succession planning process. Research in employee retention shows that, people tend to stay longer in an organisation if they experience better personal and professional growth.

Today, there is high competition in the global environment. Human capital is a company's most important asset. Hiring and keeping exceptional employees in an organisation makes all the difference between companies, that are successful, and those that struggle. Many organisations focus completely on hiring and training in an attempt to develop a strong and capable workforce. Succession planning is, therefore, neglected, but since it is a most important factor in building a successful organisation capable of achieving its strategic goals, these organisations suffer.

Succession planning needs more than just a chart that shows which employees are holding which jobs within the company. Best practice businesses utilise succession planning to develop and sustain strong leadership and make sure they focus all the skills and competencies needed for today's business environment. Succession planning is also a very strong tool to motivate and retain good leadership.

Succession planning helps organisations align their business goals and their capital needs because it is an ongoing and dynamic process. It is also extremely useful for businesses to keep up with any changes in business, industry and overall marketplace. Organisations must develop effective and focused strategies in order to achieve exceptional business results.

A strategic approach: Successful organisations place emphasis on training for the development of good leadership but they also know that sometimes they have to look outside their companies for specific types of skills or knowledge. It is usually the case though, that if the more prominent a position, the harder it will be to find suitable candidates. Companies will then turn to outside consultants to do their recruiting for them and in some cases even the entire succession planning process. These outside consultants can bring more objectivity and assist in developing a strategic plan that covers all levels of enterprise. This is a useful approach for many organisations.

Succession planning: the concept and definition

Succession planning is when a company ensures that their employees are recruited and trained properly to fill every key role within their business. Using a good succession plan an organisation can recruit top-quality people, develop their skills, knowledge and abilities to prepare them for promotion or advancement into more challenging positions.

Suitable succession planning will ensure organisations retain top-quality employees because they appreciate the time, attention and development the company has invested in them. Organisational long-term goals must be identified and understood in order to create a successful succession plan and the best people must be hired.

Identification and understanding of the employees' development needs is required. All key employees must clearly understand their career pathways and the roles they are being developed to fill within the company.

Objectives of succession planning: The key objectives (and advantages) of succession planning are:

- Ñ Better job filling for key positions through wider candidate search, and faster decision making.
- Ñ Development of longer-term successors by ensuring their careers progress, and by ensuring they get the scope of work experiences they need for the future.
- Ñ Encouraging a culture of "progression" by developing employees who are seen as a 'business resource' and who share vital skills, experiences and values important to the future of the business.

It is often the development of a strong talent pool of people for the future which is seen as the most important objective. This is viewed as being essential for attracting and keeping the best people. This is especially true in service industries such as accountancy or legal professions.

Problems in Performance Appraisal

It is assumed that appraisal processes and methods are performed in an objective way, and they should be. However, it is naïve to assume that managers always interpret and standardise criteria on which employees are appraised in a neutral way. There are several errors that considerably impede an objective evaluation. Some errors that can be made and affect the appraisal are mentioned below:

1. Leniency Error

Each person who appraises another has their own value system through which evaluations are made. Some appraisers mark high and others low relative to the actual performance of an employee. The first is referred to as *positive leniency error* which means that appraisers lean towards overstating an employee's performance and abilities. The second is a *negative leniency error* which means that the appraiser understates the employee's performance and gives the individual a lower appraisal.

2. The Halo Effect

This type of error occurs when an appraiser tends to rate high or low on every factor because of an impression of a high or low rating on a specific factor. An example of this would be of an employee who is generally very reliable and responsible. The supervisor may be biased towards that person and rate him/her high on many desirable attributes whether they are so or not.

3. The Similarity Error

If assessors rate others the same way they perceive themselves then they are making a similarity error. Assessors may project perceptions of themselves onto the other employees being evaluated. So, if an assessor sees him/herself as aggressive, for example, he/she may evaluate

others by looking for aggressiveness. The employees who demonstrate the particular characteristic will tend to benefit while those who don't will be penalised.

4. Low Appraiser Motivation

What are the consequences of the appraisal? In some cases, if an assessor knows that an employee who receives a low appraisal rating will have his/her future affected by losing promotional opportunities or a salary increase, the assessor might be hesitant to give a realistic appraisal. It has been noted in the past that it is generally more difficult to get accurate appraisals of staff if important rewards depend on the results.

5. Central Tendency

Sometimes, it doesn't matter who the appraiser assesses or what traits are used, the pattern of evaluation stays the same. There are also situations where the appraiser's ability to assess accurately and objectively has been obstructed by a failure to use extremes of the scale. This is central tendency. Central tendency is when the appraiser is hesitant to state extreme ratings in either direction and he/she cannot distinguish between employees being rated. It is a range restriction.

6. Recency vs. Primacy Effect

Recency means the proximity or closeness to the appraisal period. In some cases, an employee takes it easy for most of the year, however, when appraisal time comes he/she becomes very active. All of a sudden there is an aura of efficiency. Files move faster, tasks are taken seriously and the bosses can constantly see the progress. All this creates the impression of efficiency and of course, affects the appraisal decisions. The supervisor gets duped into believing that the employee is working very well and getting the job done. Therefore, this employee is rated higher than he/she should be.

The primacy effect is the opposite of recency. It is when the initial impression influences the decision on year-end appraisal without taking into account if the employee has been able to keep up the initial impression or not. 'First impression is the last impression' seems to fit the description of this type of error.

Effective Performance Appraisal

The errors mentioned above give a clear picture of how reliability and validity can be compromised. Organisations must know the difference between what was appraised and what should have been appraised. Appraisal systems are supposed to be objective but, unfortunately, they are often not so. Below are steps that can be taken in order to improve the appraisal system:

1. Supervisors must clearly understand that performance appraisal is an integral part of their job duties and that they themselves will be evaluated on how seriously they have taken this exercise.

2. In order to do this task well supervisors should be given systematic training on writing performance reports and handling performance interviews.
3. Run job evaluation studies, organise job descriptions/roles and develop separate forms for various positions in the organisation.
4. Create a system which is as simple as possible so that it is easy to understand and possible to practice.
5. After an appraisal interview employees should be left alone to improve their performances on specific dimensions. The supervisor must every now and then monitor if the improvement in performance in weak areas is taking place or not and, if not, help employees to achieve the required improvement.
6. Finally, reviewing, the appraisal system periodically helps to keep it updated and making appropriate changes. If performance appraisal is going to be effective these steps are necessary. Changes in technology are regular and therefore the work environment must change in its tasks, abilities and skills in order to perform well. If the changes necessary are not made it will affect the report's accuracy and ability to satisfy appraisal objectives. There are other things that can improve the effectiveness of an appraisal.

They are:

a) Behaviourally Based Measures

Behaviourally based measures are favoured more than those that are developed around traits. In most cases, however, traits that are thought to be related to good performance actually have little or no performance relationship. Traits, such as courage, loyalty, initiative, and reliability, etc. are appealing to have as employees' characteristics. However, it is important to ask if those who are rated as high on those traits are actually higher performers than those employees rated as low. Loyalty and initiative are traits that employers prize but there is no evidence to show that certain traits translate to higher performance in most jobs. Behaviourally derived measures can deal with this doubt because they deal with precise examples of both good and bad performance. This way they avoid using inappropriate substitutes.

b) Ongoing Feedback

Employees prefer to know how they are doing at work. Sometimes though, the annual review can be a problem. Sometimes, the problem is that managers put off the reviews, especially if they are negative. The solution for this is for the managers to share both positive *and* negative aspects and their expectations and disappointments on a day to day basis. When employees are provided with regular opportunities to discuss their performances before any rewards or punishments occur, there will be no surprises during the annual review. This formal event (known as an annual review) will actually be less traumatic for all concerned when ongoing feedback is provided.

c) Multiple Raters

Getting more accurate information is made possible when there are more raters. The concept goes something like this: if the rater error follows a normal curve, then, more raters will assist in getting to more middle ground. So, if an employee has seven supervisors, for example, and six of them rate him/her highly and one rates him/her poorly, the value of the poor evaluation can occur.

d) Peer Evaluations

Often, managers find it difficult to assess their employees' performances because they don't work with them on a daily basis. One way to overcome this is through peer evaluations. These are conducted by an employee's peers who are very familiar with the jobs involved, usually because they are doing the same work. It is the peers who are with the other employees every day and they should be given opportunities to give feedback to managers.

The foremost advantages to peer evaluation are:

- a. There is tendency for co-workers to offer more constructive insight to each other so that, as a unit, each will improve, and
- b. Peer recommendations tend to be more specific regarding job behaviours and this is important because constructive measures sometimes are hard to gain.

Further Reading:

- ✓ *Nick Wilton, (2011), An Introduction to Human Resource Management*
- ✓ *Robert L. Cardy, Brian Leonard, (2011), Performance Management: Concepts, Skills, and Exercises*
- ✓ *Michael Armstrong, (2009), Armstrong's Handbook of Performance Management*
- ✓ *Corey Sandler, Janice Keefe, (2004), Performance Appraisal Phrase Book*