Lesson n 05 : Evaluating and Managing Worker Performance

Once employees are hired and placed into their roles in an organization, it is typically necessary to assess their performance to see how well they are performing in their new role. Evaluating how well employees perform their jobs, and documenting this performance, is important for a variety of reasons. Certainly, performance information is often used to make decisions about whether and when to promote, train, re-assign, or terminate employees; it can also be used for decisions about compensation, bonuses, and other rewards. If an employee's performance is lacking, the gap between how he or she is performing, compared to the ideal, might be addressed by training (or re-training) the needed knowledge, skills, or abilities. **Performance appraisal** can also be used to give employees feedback, and help employees learn about their strengths and weaknesses–thus, another goal of performance appraisal is general employee development.

Performance appraisals are often conducted on a recurring schedule—once or twice a year is common. The review itself is typically structured around the employee's primary tasks and responsibilities, such that the supervisor provides a summary of the employee and their performance. The appraisal will often involve making ratings on numeric scales corresponding with specific aspects of performance, as well as comments and/or illustrative *critical incidents* to communicate to the employee how well they are performing on each aspect of the job. Critical incidents are specific behaviors the employee has engaged in—they are used to illustrate good or bad performance and often supplement numeric performance ratings. Feedback and critical incidents from other coworkers may be gathered by the supervisor with the goal of basing the performance appraisal on complete information.

One variant of performance appraisal that has become popular in recent years is 360-degree appraisal, which seeks to gather feedback from multiple sources that the person being evaluated interacts with, such as subordinates, peers, supervisors, clients/customers, and others. Self-appraisal, provided by the employee him- or herself, may also be included. The goal of this process is to provide employees with a more well-rounded sense of how they're performing.

Numeric performance ratings are a common part of a performance appraisal. For example, an employee may be rated on dependability on a scale of one to five, with anchors ranging from unacceptable (1), to average (3), to superior (5). Employees are often rated in the context of how other members of their team or work group are performing. Other rating approaches involve making direct comparisons between employees within a unit, such as ranking all employees, or comparing them two at a time and deciding which of the two is the superior performer. When using any numeric rating method, organizations need to be aware of the biases that raters may unknowingly exhibit. One risk is that all raters will not use a rating scale the same way—for instance, some might provide more generous, or harsher, ratings regardless of how the employee is performing. Such errors can lead to biases in the appraisal process, and impact the fairness of a performance appraisal system; fortunately, rater training can help avoid some of these issues.

What kinds of employee performance are typically assessed in organizations? In many cases, the answer to this question is determined by the type of organization the employee works in— effective performance for an employee who makes electric motors in a factory is likely to be very different from an employee who creates apps for your phone. For legal reasons, it is important for an organization to avoid assessing people based on irrelevant characteristics, such as their age, gender, or race. Here again, I-O consultants often help organizations design performance appraisal

systems that focus on core aspects of job performance, and avoid evaluating irrelevant characteristics. For many jobs, the main focus of performance appraisal is on *task performance*—that is, how effectively an employee performs the key requirements of their job. However, many organizations are also concerned with additional behaviors that employees may engage in outside of their job responsibilities. These "extra" behaviors can be positive or negative in nature. Positive behaviors are typically referred to as *organizational citizenship behaviors*, **or OCBs,** and may include actions such as bringing donuts or bagels to an early morning meeting, staying late to assist a coworker with a project, or speaking positively about the organization to outsiders. Negative behaviors, often called *counterproductive work behaviors*, **or CWBs,** range from fairly minor actions, such as being rude to a coworker from time to time, to more serious, criminal activities such as theft, sabotage, or arson. As you would expect, employees who enjoy their work are more likely to engage in OCBs, while dissatisfied employees are likely to engage in CWBs. Thus, if organizations want to promote OCBs, and prevent CWBs, it is important for them to consider their employees' thoughts and feelings about their workplace.