

... may highlight areas for improvement, new directions and opportunities.

8.5 THE PERFORMANCE APPRAISAL PROCESS

Following steps are involved in appraisal process:

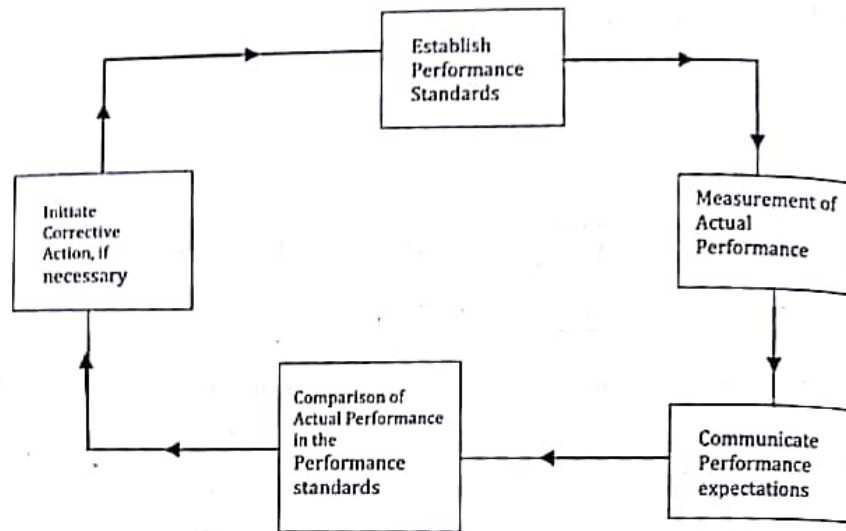
- 1) The appraisal process begins with the establishment of performance standards.

These should have evolved out of job analysis and the job description.

These performance standards should also be clear and objective enough to

be understood and measured. Too often, these standards are articulated in some such phrase as "a full day's work" or "a good job."

Figure 1: The Performance Appraisal Process



Vague phrases tell us nothing. The expectations a manager has in term of work performance by the subordinates must be clear enough in their minds so that the managers would be able to at some later date, to communicate these expectations to their subordinates and appraise their performance against these previously established standards.

- 2) Once performance standards are established, it is necessary to communicate these expectations. It should not be part of the employees' job to guess what is expected of them. Unfortunately, too many jobs have vague performance standards. The problem is compounded when these standards are not communicated to the employees. It is important to note that communication is a two-way street. Mere transference of information from the manager to the subordinate regarding expectations is not communication. Communication only takes place when the transference of information has taken place and has been received and understood by subordinate. Therefore feedback is necessary. Hence the information communicated by the manager has been received and understood in the way it was intended.
- 3) The Third step in a appraisal process is measurement of performance. To determine what actual performance is, it is necessary to acquire information about it. We should be concerned with how we measure and what we measure. Four common sources of information are frequently used by mangers to measure actual performance: personal observation, statistical reports, oral reports, and written reports. Each has its strengths and weaknesses; however, a combination of them increases both the number of input sources and the probability of receiving reliable information.

What we measure is probably more critical to the evaluation process than how we measure. The selection of the wrong criteria can result in serious

dysfunctional consequences. What we measure determines, to a great extent, what people in a organization will attempt to excel at. The criteria we choose to measure must represent performance as stated in the first two steps of the appraisal process.

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- 4) The fourth step in the appraisal process is the comparison of actual performance with standards. The attempt in this step is to note deviations between standard performance and actual performance. One of the most challenging tasks facing managers is to present an accurate appraisal to the subordinate and then have the subordinate accept the appraisal in a constructive manner. The impression that subordinates receive about their assessment has a strong impact on their self-esteem and, very important, on their subsequent performance. Of course, conveying good news is considerably less difficult than conveying the bad news that performance has been below expectations. Thus, the discussion of the appraisal can have negative as well as positive motivational consequences.
- 5) The final step in the appraisal is the initiation of corrective action when necessary. Corrective action can be of two types; one is immediate and deals predominantly with symptoms. The other is basic and delves into causes. Immediate corrective action is often described as "putting out fires", where as basic corrective action gets to the source of deviation and seeks to adjust the differences permanently. Immediate action corrects something right now and gets things back on track. Basic action asks how and why performance deviated. In some instances, managers may rationalize that they do not have the time to take basic corrective action and therefore must be content to "perpetually put out fires." Figure 1 shows the performance process in summary.