

EXERCISE 7.4: PERFORMANCE APPRAISAL AT DARBY GAS & LIGHT*

Overview

HR professionals are often asked to critique current systems and modify them to meet the changing needs and objectives of the organization. Often, they also are asked to design programs to train raters on using the appraisal systems. This exercise enables you to critique an appraisal system and offer your suggestions for how it should be changed. It also allows you to consider all aspects of an appraisal system.

Learning Objectives

After completing this exercise, you should be able to

1. Critique an appraisal system and offer suggestions for revisions.
2. Interpret the findings from a needs assessment report.

Procedure

Part A: Individual Analysis

- Step 1. Before class, read the background information on the firm presented in Exhibit 7.4.1. Review the appraisal form currently being used by the firm as illustrated in Exhibit 7.4.2.
- Step 2. A survey was administered to managers and to employees at Darby Gas & Light. They were asked to indicate the types of rater training for supervisors that would be most beneficial. Results from the survey are reported in Exhibit 7.4.3. Review these findings. Respond to the questions listed in Form 7.4.1.

Part B: Group Analysis

In class, your group will be asked to revise the Darby form and performance-appraisal system.

Exhibit 7.4.1 Background Information for Darby Gas & Light

Steve Shakely is the CEO of a moderately sized public utility, Darby Gas & Light. Darby employs about 250 professionals (e.g., engineers, systems analysts) and support staff, including 25 managers. The firm recently started using a new appraisal system that consists of yearly formal reviews by managers of their subordinates using the rating form illustrated in Exhibit 7.4.2. All employees are rated by their immediate supervisor once a year and these ratings are used to make administrative decisions (e.g., promotions, merit increases, transfers, terminations, demotions). Mr. Shakely has hired you as an external consultant to review the appraisal form and offer your recommendations for the form and the entire appraisal system. The 25 managers are not formally evaluated.

Mr. Shakely also is interested in your plans for a rater training program. The managers have never received any formal training in conducting appraisal interviews with their subordinates. The firm's HR director, Linda James, recently surveyed the managers and 100 of the employees to assess the areas in which supervisors needed training for doing appraisals and for conducting feedback sessions. A summary of her findings is presented in Exhibit 7.4.3. The numbers indicate the percentages of managers and employees who agreed that supervisors needed training in those areas.

Exhibit 7.4.2

EMPLOYEE EVALUATION FORM
DARBY GAS & LIGHT

Employee's name _____ SSN _____
Supervisor's name _____ SSN _____
Date of review: _____ Date of feedback: _____

Instructions:

This appraisal form is to be used with all employees of Darby Gas & Light, including supervisors. Raters should circle one number on the scales below to indicate the employee's level of performance on the dimension and should provide comments about the employee's performance on that dimension. Dimensions marked with an asterisk must be evaluated for all supervisory employees. After completing the ratings for the employee, be sure to schedule a feedback session with the employee to review the ratings.

	1 low	2	3 average	4	5 high
1. JOB KNOWLEDGE					
Comments: _____					
2. DECISION MAKING					
Comments: _____					
3. *MOTIVATING OTHERS					
Comments: _____					
4. DEPENDABILITY					
Comments: _____					
5. *LEADERSHIP					
Comments: _____					
6. PROBLEM SOLVING					
Comments: _____					
7. COMMUNICATION					
Comments: _____					
8. *PLANNING AND ORGANIZING					
Comments: _____					
9. TEAMWORK/COOPERATION					
Comments: _____					
10. *EMPLOYEE DEVELOPMENT					
Comments: _____					
11. PROFESSIONAL DEVELOPMENT					
Comments: _____					
12. APPEARANCE AND WORK HABITS					
Comments: _____					

Exhibit 7.4.3

Area for Training

Survey Results About Supervisor Appraisal Training Needs

Percent Who Agreed Training for Supervisors Was Needed

	Managers	Subordinates
	(N = 20)	(N = 100)
Giving specific, constructive criticism to employees	50%	35%
Giving specific, positive feedback to employees	10	50
Identifying available training opportunities for employees	40	40
Identifying employees' skills	40	45
Conducting a career development session with employees	15	30
Eliminating bias in employees' performance appraisals	10	50
Setting goals for employees' future performance	10	15
Understanding situational constraints on subordinates' performance	15	75
Administering rewards for good performance	15	55
Administering discipline for poor performance	45	15
Dealing effectively with employees who get upset in the feedback session	60	50
Providing timely feedback on performance	15	60
Identifying career paths for employees	40	50
Providing more precise criteria for appraising performance	55	70

Name _____

Group _____

FORM 7.4.1

3. Suppose the firm wants to use the current form for employee feedback (i.e., to provide feedback to employees on their strengths and weaknesses). Do you think the instrument will be useful for this purpose? Why or why not? What, if any, revisions would you suggest so that the form can be used for employee development?

FORM 7.4.1 (Continued)

Name _____

Group

4. Suppose Darby has used this form to both promote people and make merit pay adjustments. Suppose also that Darby has been informed that six African Americans have claimed discrimination based on promotion and pay policies. What (if any) advice can you give the company? What specific data should Darby evaluate in the context of these claims?
5. Based on the survey data and what you know about performance appraisal, what areas are most important for a rater training program? Are there any particular rating errors or biases clearly in need of attention based on the survey data?
6. Self-ratings with this form average almost two points higher than supervisory appraisals. Should supervisors review self-appraisals before they evaluate performance? Explain your answer based on possible rating errors.

FORM 7.4.1 (Continued)

Name _____

Group _____

7. Steve just read a Jack Welch book (former CEO of GE), where he noticed that Jack previously used "forced distributions for ratings." What should you tell Steve about this rating method? How does it work and what is the "track" record?

Learning Objectives

After completing this exercise, you should be able to

1. Understand the various components of a needs assessment.
2. Develop items to conduct an organizational analysis, task analysis, and person analysis.
3. Interpret the results from a needs assessment, describing the implications for designing a training program.

8. Should the managers be formally evaluated? If so, describe the system you recommend.

Step 1: Before coming to class, each person should review Chapter 8, paying particular attention to the section on needs assessment. Choose a job with which you are very familiar. Collect

Step 2: Using Form 8.1.1, interview at least eight people in the job you have chosen. Try to choose a representative sample of employees for the interviews. You may interview them individually or as a group.

Step 3: Summarize your findings from the needs assessment in a one-page report to the vice president of human resources. Offer your recommendations regarding training for the job. Form 8.1.1 should be evaluated and critiqued. Facilitators should moderate the extent to which the responses to Form 8.1.1 provide guidance for improving the training functions for this job.

9. A performance appraisal "guru" said to use ratings of "relative frequency." What does this mean? Give an example.