# MGT 200: Organizational Behavior and Theory

## Introduction to Performance Appraisal

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## Overview

- Key aspects of performance management
- Performance appraisal
  - Why
  - How
  - Who
  - What

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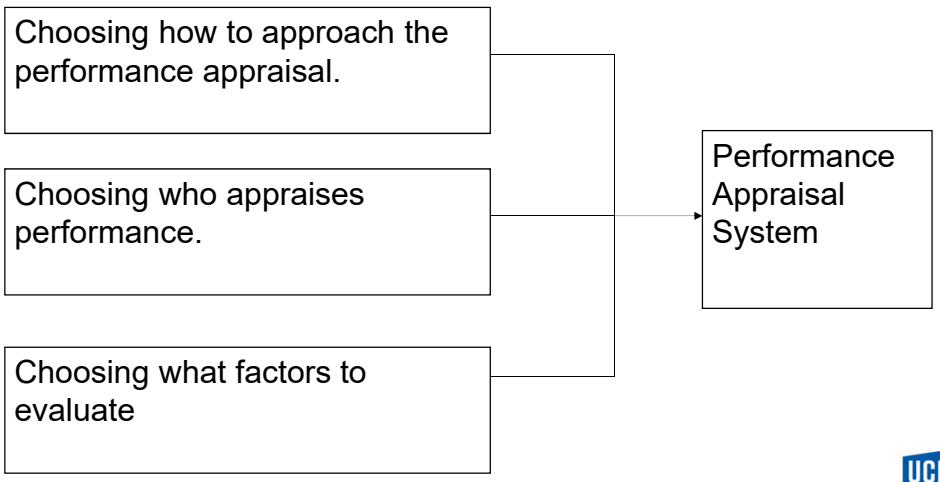
# Performance management

- Processes that are important to managing performance, including:
  - Performance appraisal (or evaluation) processes
  - Feedback processes
- Goal: increase motivation, and, in turn, performance.

# Components of performance appraisal

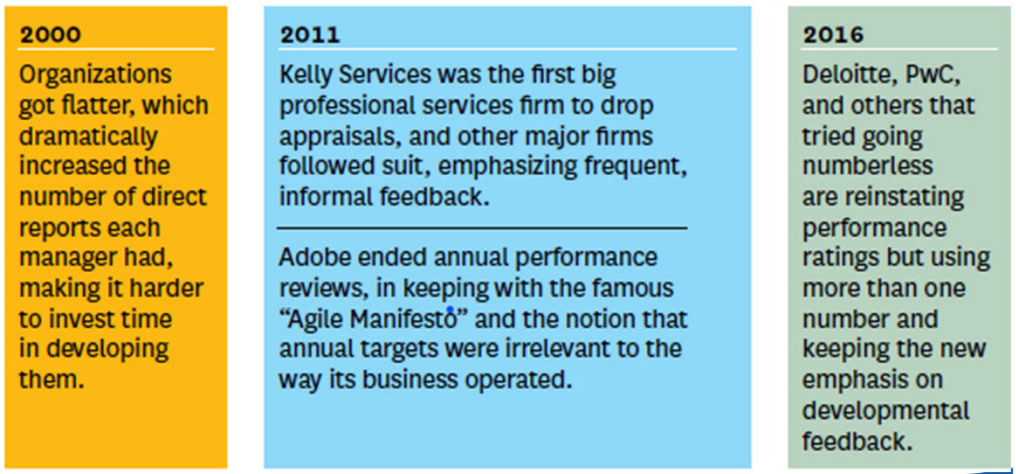


# Performance appraisal processes

- Why have them?
  - Administrative functions: monetary, layoffs, assignments, accountability
  - Employee development: counseling, coaching.

Cappelli & Tavis 2016

# Where are we now?




Cappelli & Tavis 2016

# Why this shift? The cons

- Focuses on the past rather than future
- When only once a year, not frequent enough for change
- Time consuming to conduct
- Ratings more revealing of the rater than ratee
- Need for agility (shorter projects)
- Centrality of teamwork

# Why the push back? The pros

- Process is
  - Predictable
  - Viewed as fair way to link to compensation
  - Transparent- people want to know where they stand
  - Helpful in developing people. Without ratings, it's hard to measure growth
- Helps identify poor performers
- May help avoid legal troubles
- Even if you did away with performance appraisals some sort of rating system would exist

# Performance appraisal steps

1. Be prepared
   - Self-appraisal (SA)
   - 360 feedback
2. PA meeting
   - Review purpose
   - Have ee start with their SA
3. Identify the good and bad performance
4. Find causes of perf gaps
5. Plan to close perf gaps
   - Goals, timeline, action steps, description of coaching required
6. Reevaluate the perf goals
7. Get it on record
8. Follow up

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# Performance appraisals under crisis

- Reflect on your purpose
- Think about what you are evaluating
- Summon compassion
- Consider doing away with ratings
- Gather different kinds of data
- Set the right tone
- Tread lightly with poor performers and be effusive with your stars

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# Take-aways

- Dilemma in performance appraisal: focus on administrative functions or employee development (or some hybrid)?
- Performance appraisals in context
  - Traditional approach
  - Under Crisis