

# Introduction to Human Resource Management

MAS 263



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# **Performance Management and Appraisal**

# What is Performance?

- Performance means both behaviour and results
- In performance management, both behaviour (input) and result (output) need to be considered.



## What is Performance Management

- A process for sharing an understanding about what needs to be achieved and then managing and developing people in a way that enables such shared objectives to be achieved.
- It is a strategic process that is fundamentally aimed at establishing a shared understanding in the organisation of what is important and where effort should be deployed (Armstrong and Baron, 2004)

- The development of individuals with competence and commitment, working towards the achievement of shared meaningful objectives within an organisation which supports and encourages their achievement.

## **Aims of Performance Management**

- To establish a high performance culture
- To focus people on doing the right things
- To develop the capacity of people to meet and exceed expectations
- To align personal objectives to organisational objectives

- Empowering, motivating and rewarding employees to do their best

## Features of PM

- Continuous and flexible process
- Primary elements include agreement, measurement, feedback, reinforcement and dialogue
- Concentrates on future performance planning
- Based on the principle of management by contract and agreement rather than management by command

## Concerns of PM

### *Concern with*

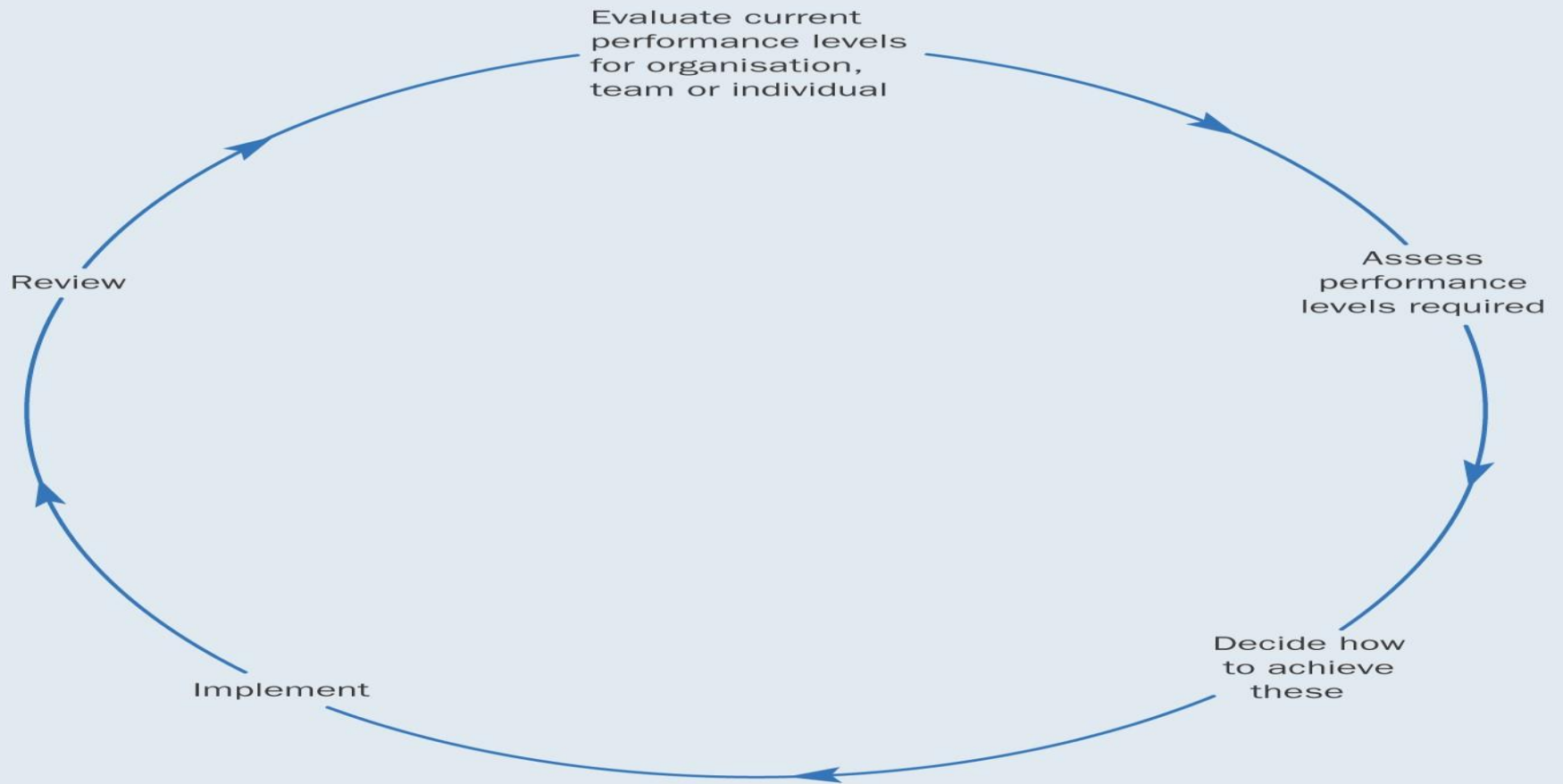
- Outputs, outcomes, process and inputs
- Planning
- Measurement and review
- Continuous improvement
- Continuous development

### *Concern for*

- Communication
- Stakeholders
- Fairness and transparency



# Model of PM



The performance management implementation process

## High- performance culture

- Culture in which people are aware of the need to perform well, and behave accordingly in order to meet or exceed expectations.

## **Steps to turn an organisation into a high-performing place of work**

- People clear about their goals and objectives
- Relevant skills and competences
- High performance is recognised and rewarded
- Managers – supportive leaders
- Climate of trust and teamwork
- Fair and consistent pay and reward system
- Formal procedures used fairly

## PM as integrated and strategic process

- Shared process between managers, individuals and teams
- Objectives jointly agreed and reviewed
- Corporate, individual and team objectives integrated

## **Needs of people involved:**

- To know and understand what is expected of them
- To have the skills necessary
- To be supported in developing their capacity
- To receive feedback
- To discuss and contribute to individual and team aims and objectives

## **Approaches to developing a high-performance culture**

- the implementation of high-performance work system (HPWS)
  - An inherently consistent and coherent HRM system that is focused on solving operational problems and implementing the organisation's competitive advantage
- the use of rewards
- the use of systematic methods of managing performance

## **PM tools**

- Performance and development reviews
- Learning and development (learning organisation)
- Coaching
- 360 degrees feedback
- 540 degrees

## What is Performance Appraisal

- The process of evaluating the performance of employees, sharing that information with them and searching for ways to improve their performance.
- A process, typically performed annually by a supervisor for a subordinate, designed to help employees understand their roles, objectives, expectations, and performance success.
- Regularly records an assessment of an employee's performance, potential and development needs.
- 3 uses of appraisal: performance, potential and reward (Randell et all (1984))



## **Objectives of Performance Appraisal**

- To determine the effectiveness of employees on their present jobs so as to decide their benefits.
- To identify the shortcomings of employees so as to overcome them through systematic guidance and training.
- 
- To find out their potential for promotion.

## Purposes of Performance Appraisal

- Gives employees feedback on performance
- Creates opportunity to plan future objectives or workload
- Judge and helper roles
- The training needs of an employee can be identified
- Relationship with personal development reviews  
(‘one-to-ones’)
- Integration of objectives and competencies (these are the two different approaches used to assess performance)

# Problems with Performance Appraisal

- Lack of clear purpose
- Links with pay
- Information kept secret from employee
- Appraiser attacking appraisee's character / subjective
- Linking to disciplinary process

# The role of line managers in performance appraisal

## Advantages

- Line managers know about subordinates, their jobs and their performance
- Creates time for discussion
- Gives appraisee the manager's attention

## Disadvantages

- Personality conflicts
- Subjectivity
- Seen by managers as low priority

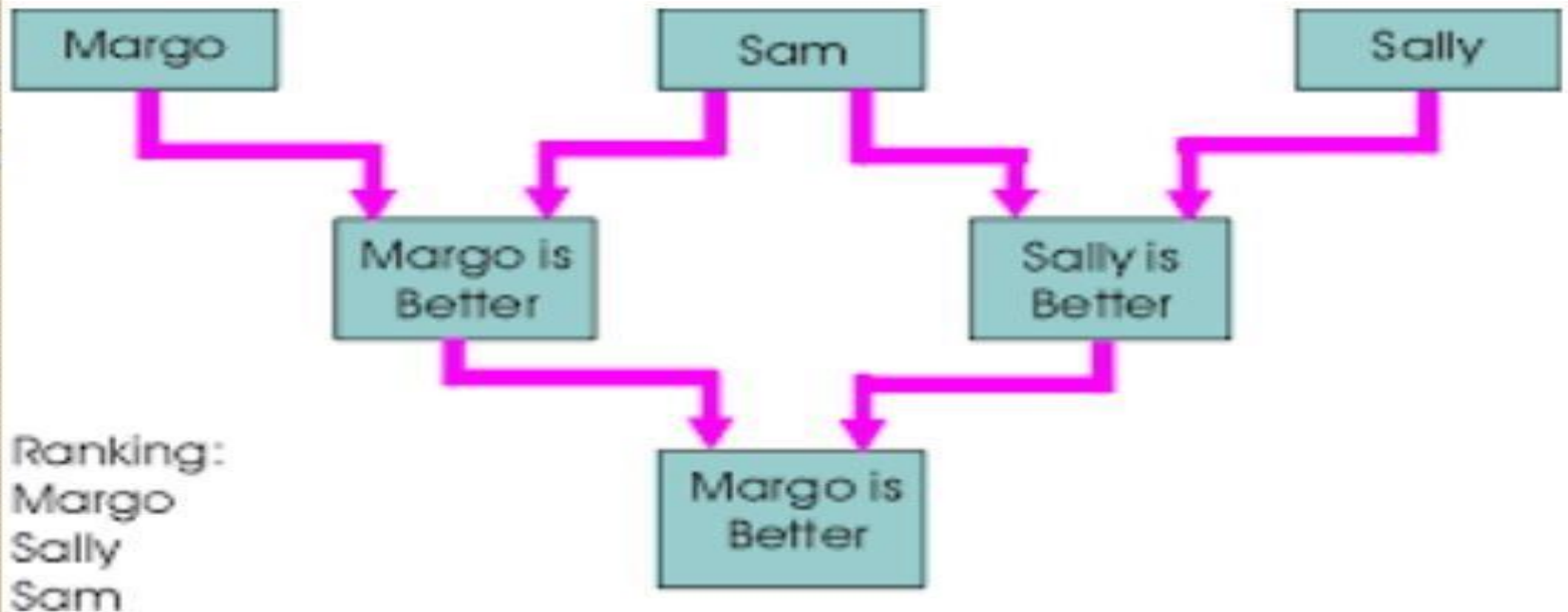
# Methods of Performance Appraisal

- Ranking Method
  - An employee is ranked against the other in the working group.
  - Useful in small organisations



- Paired Comparison Method

- Each employee is compared with other employees taking only one at a time. The evaluator compares two employees and puts a tick mark against an employee whom he considers a better employee.
- Used in big organisations.



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- Grading

- Certain categories of abilities or performance of employees are defined well in advance to fall in certain grades. Such grades are very good, good, average, poor, and very poor.
- The individual traits and characteristics are identified.

- **Checklist**

- The appraisal of the ability of an employee through getting answers for a number of questions.
- These questions are related to the behaviour of an employee.





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### PRELIMINARY DESIGN REVIEW CHECKLIST

SATISFIED?	NO.	CRITERIA	COMMENTS
YES	1	Contract entry criteria is satisfied.	
NO	2	Deliverables are received significantly before the design review.	
YES	3	Preliminary review shows that the RTM is sufficient to support the design review.	
NO	4	Risk assessments and risk mitigation plans have been addressed.	
YES	5	Review agenda has been documented.	
YES	6	All relevant sponsors are involved, and communication has been coordinated.	
NO	7	Technical specialists are participating (as appropriate).	
	8	Exit criteria (stated in the contract) has been satisfied.	
	9	Risk mitigation plans are addressed and revised as necessary.	
	10	Copies of presentation materials are made and have been received.	
	11	All requests for action (RFAs) have been addressed and resolved.	
	12	Design review minutes have been reviewed.	
	13	Summary Report has been completed and distributed.	

- Forced Choice Method
  - A series of groups of statement are prepared positively or negatively.
  - The appraiser is forced to select any one of the statements either out of positive or negative statements.

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<b>Forced Choice Performance Evaluation Form</b>	<b>Employee:</b> _____ <b>Department:</b> _____
	<b>Supervisor:</b> _____ <b>Date:</b> _____

<b>Performance Factors</b>	<b>Performance Rating</b>				
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	<b>Low</b>	<b>Below Average</b>	<b>Average</b>	<b>Above Average</b>	<b>High</b>
<b>Understands department functions</b>	Poorly informed about depart- ment functions	Has fair knowledge of the department functions	Can answer most questions about the department	Understands all phases of the department.	Has complete mastery of all phases of the department.
<b>Follows directions and company policy without supervision</b>	Requires constant supervision	Requires occasional follow-up	Can usually be counted on	Requires very little supervision	Requires absolute minimum supervision
<b>Accuracy, skill, completeness, and quality of work performed</b>	Seldom meets the requirements and is almost always unsatisfactory	Work is often unsatisfactory and often does not meet requirements	Work is consistently satisfactory and usually meets requirements	Work is sometimes superior and rarely contains mistakes	Work is consistently superior and never contains mistakes

- **Graphic Rating Scale (Linear Rating Scale)**
  - The printed appraisal form is used to appraise each employee.
  - The form list traits (e.g., quality and reliability) and a range of job performance characteristics (from unsatisfactory to outstanding) for each unit.
  - The rating is done on the basis of points on the continuum. The common practice is to follow five points scale.

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# GRAPHIC SCALE RATING

Employee Name .....

Department .....

Job Title .....

<b>Performance Level</b> <b>Work Dimension</b>	<b>Poor</b>	<b>Fairly Poor</b>	<b>Fairly Good</b>	<b>Good</b>	<b>Excellent</b>
<b>Attendance</b>			✓		
<b>Behavior towards Subordinates</b>			✓		
<b>Sincerity</b>				✓	
<b>Dependability</b>					✓

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	1 Unsatisfactory	2 Needs improvement	3 Meets expectations	4 Exceeds expectations	5 Exceptional
Communication				✓	
Judgement			✓		
Planning		✓			
Reliability					✓
Initiative			✓		
Resilience and flexibility		✓			
Problem-solving			✓		
Supports company values			✓		
Develops self		✓			
<b>Overall assessment</b>			✓		

- **Field Review Method**

- An employee's performance is appraised through an interview between the appraiser and the immediate superior.
- The appraiser asks the superior questions about the performance of an employee. The HR department prepares a detail report on the basis of this collected information.

- **Peer Review**

- An employee selects peers to conduct the evaluation.
- Usually two to four peers are identified through a predetermined process.

- The employee submits self evaluation port folio. The port folio might describe how he or she met objectives and/or pre-determined standards during the past evaluation cycle.
- Supporting materials are included.
- The peer evaluates the employee either individually or in a group.
- Manager and employee meet to discuss the evaluation.



- **Management by Objectives (MBO)**
  - Performance is rated against the achievement of objectives stated by the management.
  - It is more useful for managerial positions.
  - Not applicable to all jobs.

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## 360-Degree Feedback

- It is a technique which is a systematic collection of performance data on an individual group, derived from a number of stakeholders, including immediate supervisor, customers, peers, and self.

### Successful 360-Degree Feedback Program





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Thank  
You!

