

Contemporary HRM

Performance Management and Appraisal

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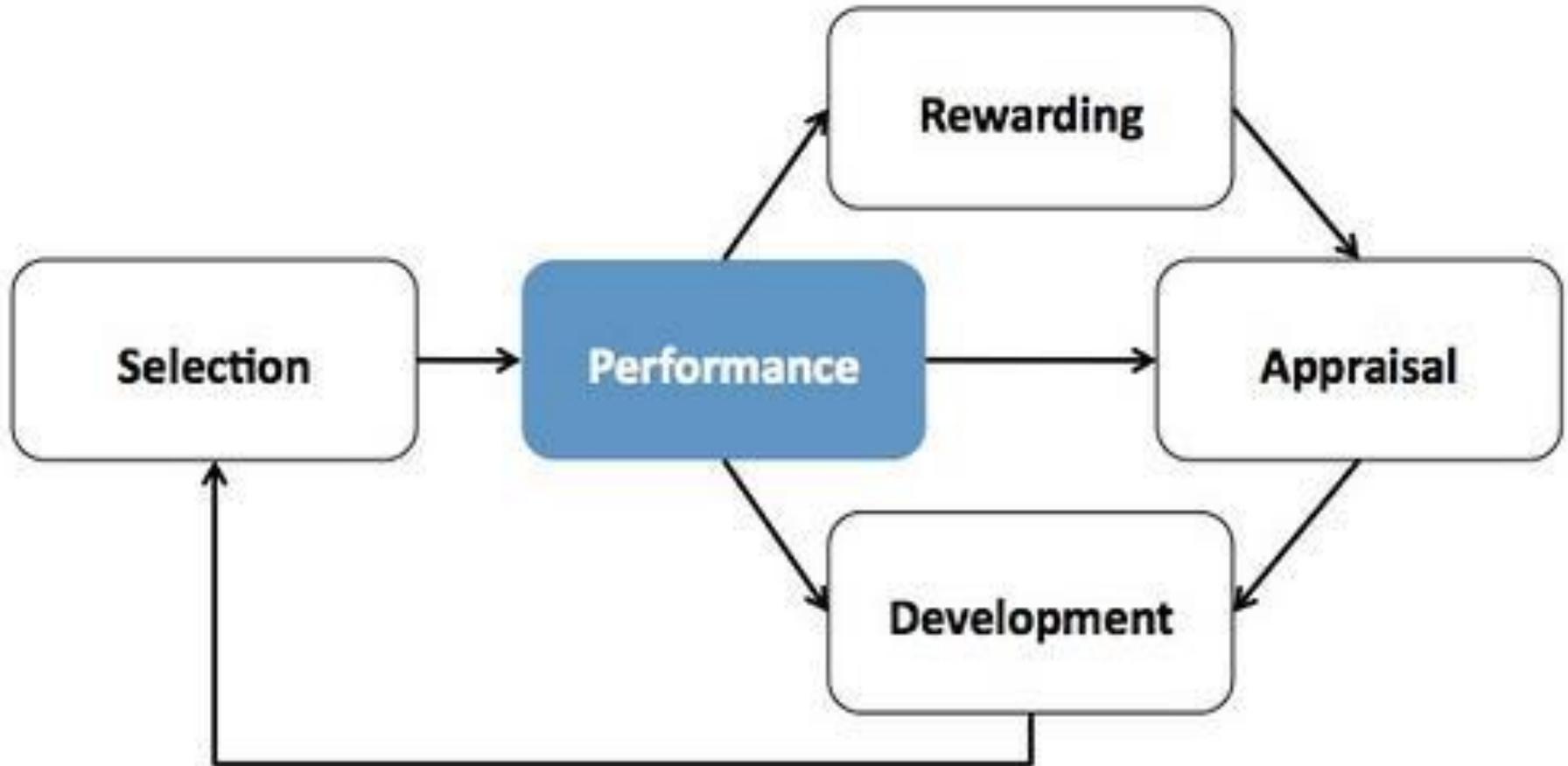
Room 2/38, Craiglockhart

Session objectives...

By the end of this session you will be able to:

- Examine the scope and nature of **performance management** (PM) and **appraisal**
- Understand the key assumptions, complexities and debates surrounding the area

Connecting the parts...



The Matching Model (Fombrun *et al.*, 1984)

Performance management definitions...

- A systematic process for improving organisational performance by developing the performance of individuals and teams (Armstrong, 2006)
- A cycle of integrated activities which ensures that a systematic link is established between the contribution of each employee and the overall performance of the organisation (Bach, 2013)
- Establishing a framework in which people performance can be **directed**, **monitored**, **motivated** and **refined** (Clark, 2005)



Performance management purpose...

PM can help organisations to:

- Communicate a **shared vision**
- Define expectations of ‘what’ and ‘how’
- Ensure awareness of what constitutes ‘**high performance**’
- Enhance **motivation** and **commitment** by **recognition** and **feedback**
- Enable people to monitor their **own performance** and encourage **dialogue** to improve performance

(Armstrong and Baron, 2012)

Performance management cycle...



Appraisal...

‘A process that provides an analysis of a person’s overall capabilities and potential, allowing informed decisions to be made for particular purposes. An important part of the process is **assessment**, whereby data on an individual’s past and current work behaviour and performance are collected and reviewed’ (Bratton and Gold, 2007:284).

Appraisal is...

A tool to ensure that managers can manage effectively by ensuring that the people and teams they manage:

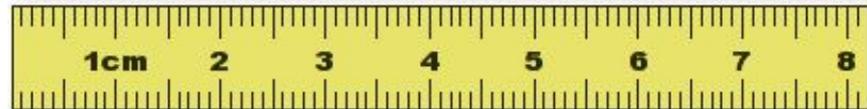
- Know and understand what is expected of them
- Have the **skills and ability** to deliver on these expectations
- Are supported by the organisation in developing the capacity to meet (**and exceed?**) these expectations
- Are given **feedback** on their performance
- Have the opportunity to **discuss and contribute to** individual and team aims and objectives

Measures...

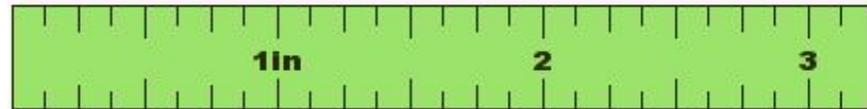
✓ Performance



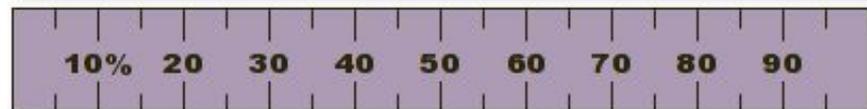
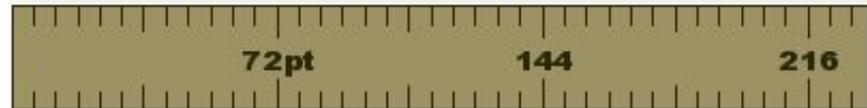
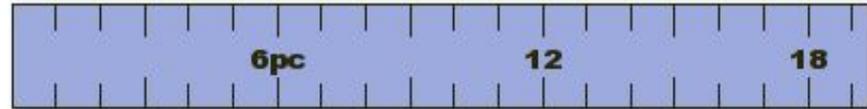
✓ Behaviour



✓ Development



✓ Potential





Performance management integration...

- ‘Performance management should be treated as part of the **normal process of management**...It pervades every aspect of running the business’ (Armstrong and Baron, 1998:28)
- Establishing a **culture in which individuals and groups take responsibility for the continuous improvement** of business processes and of their own skills, behaviour and contributions (CIPD, 2016)

Pause for thought...

- How might PM processes influence **employee engagement**?
- What factors might have the biggest impact on whether or not the PMS/appraisal improves employee performance?

Real life view...

“Performance management ought to be about aligning people’s efforts to deliver what the company needs...making sure people are clear about how they deliver the objectives of their job.

It should also help people **perform to their best** by **helping them understand what great performance looks like** and **how far they are from it**...a process which **encourages people** to go and be successful”

(Tony Voller, IHG)

Factors affecting changes in performance management...

- Culture change
- Talent, development and skills needs
- Increasing flexibility of the workforce
- Competencies
- TQM, downsizing, de-centralisation and de-layering
- Team working and knowledge management

(Redman and Wilkinson, 2013)



Changing nature of PM – roles of HR and the line...

Performance Appraisal
Top down assessment
Annual appraisal meeting
Outputs
PRP
Ratings common
Bureaucratic
Owned by HR



Performance Management
Joint Process
Holistic continuous review
Outputs/inputs
Developmental
Less rating
360° feedback
Flexible process
Owned by line managers



Three stages in performance management cycle (Spencer and Spencer, 2005)...

1. At the start is the **performance planning** stage
2. Throughout the cycle is the **performance management** stage
3. At the end is the **performance review/appraisal** stage



So, what should a manager do at each stage to ensure effective performance of employees?



Performance management stages...

- **Planning**

- Define job responsibilities
- Set performance expectations
- Set goals (or objectives)
- Communicate business plans and future plans

- **Management**

- Monitor performance and achievement of objectives
- Ongoing feedback and coaching
- Observation/documentation
- Review/revise goals/objectives
- Reinforce desired behaviours
- Formal and informal support

- **Appraisal**

- Formal performance appraisal
- Links to reward
- Development issues
- Planning for next year

Performance appraisal stages...

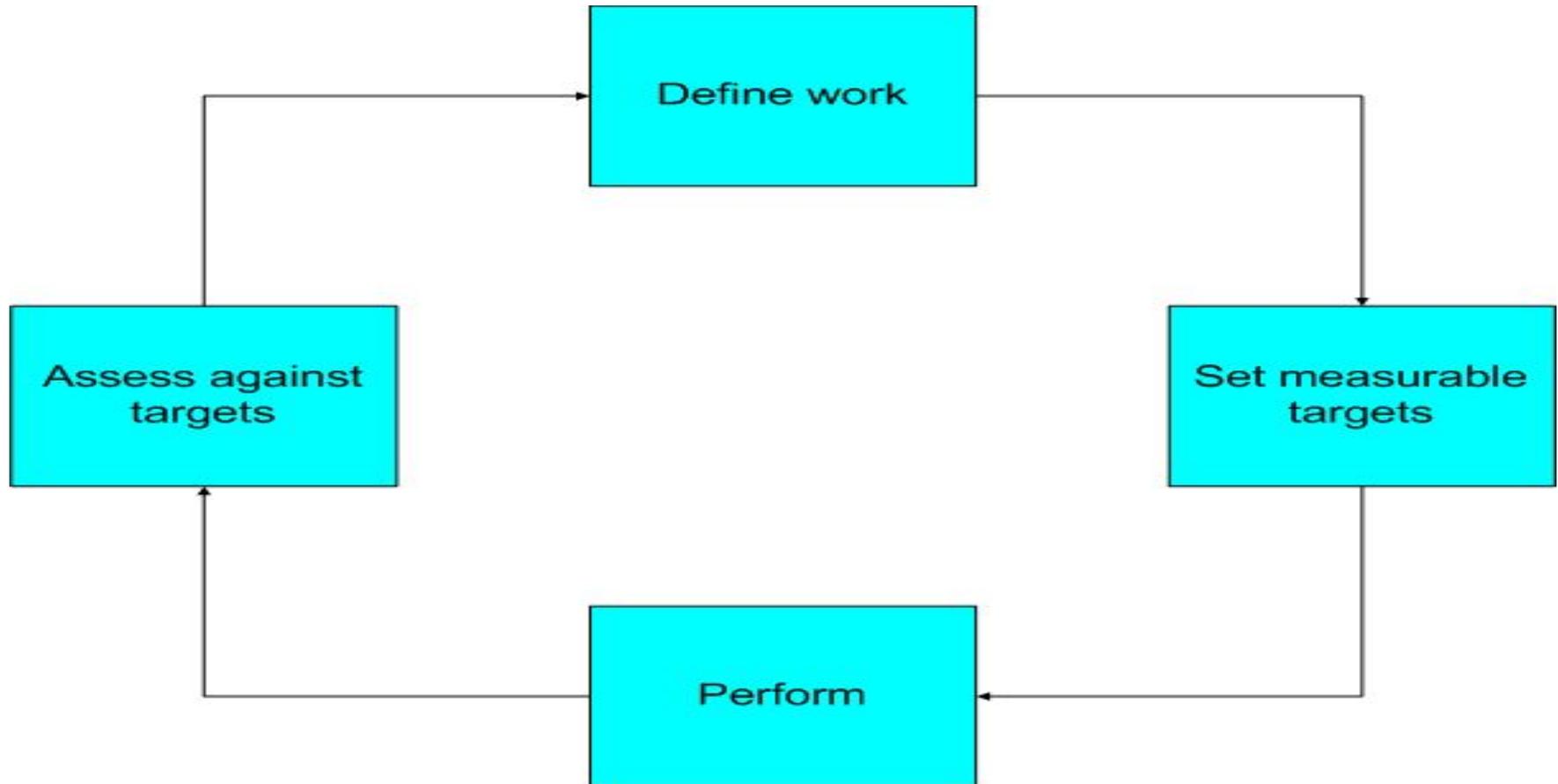


Figure 8.3 A performance control approach to appraisal – Source: adapted from Randell (1994) and Bratton and Gold (2007:287)



Benefits of appraisal to employers...

- Defining and reviewing performance
- Clarifying expectations, setting goals and targets
- Reviewing potential/career counselling, **succession planning**
- Identifying learning and development needs
- Allocating rewards
- Maintaining a positive **psychological contract**
- Motivating employees
- Improving communication
- Achieving cultural change

(Adapted from Bratton and Gold, 2007:284)

Benefits to employees...

- Opportunity to receive feedback on performance – especially ‘Generation Y’!
- Opportunity to communicate views about the job
- Opportunity to discuss career options/ aspirations
- Recognition of tasks carried out well and objectives achieved – rewards?
- Basis for identifying new work objectives, and learning and development needs

Problems with appraisal...

- Viewed as a 'chore'
- Lack of preparation: one or both parties
- Too little time allocated
- Unbalanced feedback (**judgemental** rather than **developmental**)
- Lack of detail and examples – too focused on recent events
- Too little employee input
- Surprise information
- Process/documentation is too complex
- Lack of training
- No commitment to appraisal, and so no meaningful outcomes from it

Some overall conclusions...

- Performance management and appraisal are not the same, but they are inter-related activities
- Performance management is also inextricably linked with other aspects of HRM (covered within the module)
- Performance appraisal is now more popular than ever in organisations
- Appraisal has received a number of criticisms in relation to its focus on control and ineffective implementation
- A key task facing organisations is the upgrading and renewal of performance appraisal to meet the current business environment