

TOWARDS EFFECTIVE WORKER PERFORMANCE EVALUATION: AN IMPORTANT ISSUE FOR THE NEW MILLENNIUM

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ABSTRACT

This paper provides a conceptual understanding of Worker Performance Evaluation (WPE) which is a demanding area of Human Resource Management (HRM) for the new millennium in a developing country. WPE has a wide range of utility. The paper describes six key dimensions of the WPE and finally suggests a 20-Point-Programme that can be followed in respect of each dimension towards effective WPE.

INTRODUCTION

No organization without workers exists. Worker-less organizations are impossible to realize even in a growing high-tech economy. Generally any organization whether private or public, in industrial or service sector is characterized by the managerial employees and non-managerial employees. The managerial cadre designs gamut of productivity and efficiency in a firm but its results largely depend on the performance of the workers (non-managerial class in general). Indeed, workers play a significant role in maintaining and improving productivity of organizations. Under the Human Resource Management (HRM), thus, there is a need for Worker Performance Evaluation (WPE), which will help in reshaping an organizational framework that will lead to monitor and enhance effectiveness and productivity of the workers. In this paper our objective is to provide an understanding towards effective WPE which is a demanding area of HRM for the new millennium in a developing economy.

The Concept of WPE

WPE is a specification of Performance Evaluation (PE) or performance appraisal in general. Performance evaluation refers to the personnel activity by means of which the organization determines the extent to which the employee is performing the job effectively (Glueck, 1979). Glueck emphasized that PE is a personnel activity because it examines levels of performance of personnel working in the organization. Schuler and Youngblood (1986), however, viewed PE as a system of measuring, evaluating, and influencing an employee's job related attributes, behaviours and outcomes and level of absenteeism to discover at what level the employee is currently performing on the job. This means that PE is a system that measures, evaluates and influences job-related attributes, behaviours and outcomes of the employee to reveal his/her current degree of job performance. Ivancevich (1992) considered it as the human resources management activity that is used to determine the extent to which employee is performing the entrusted job effectively. As usual, all these authors considered the term 'employee' to mean jobholder who may be either in managerial or non-managerial category. In this paper, however, we specifically refer to worker category only for the WPE.

Worker performance evaluation is a process by which organizations appraise worker job performance. It involves assigning a value to worker traits, behaviours and outcomes as per the set standards of criteria for a particular period of time (Holly, Field and Barnett, 1976 and Locher and Teel, 1997). WPE is an important feedback control technique and it is the technique that directs management's attention to human resources (Donnelly et.al, 1984). WPE can be viewed as an application of controlling workers' traits, behaviour and results in an organization.

Importance of WPE

Under HRM, the significance can be seen in the light of the purposes it can serve. The purposes of the WPE can be divided into two categories, viz., labour administration purposes and labour development purposes. The first category involves purposes providing a set of information needed to perform successfully many functions leading to management of workers. These include planning for workers (WPE is needed to develop skill inventories which catalog competencies of each worker.), reward management (WPE information is useful for making wages, increments, incentives etc.) management of promotions (WPE identifies and measures the degree of competencies of workers and help determine whom to be promoted.), administration of transfers (WPE is useful to identify and solve problems of workers who can not perform duties as required or who can perform better another job rather than the current job.), discipline administration

(WPE is useful to determine the degree of severity of a disciplinary action.), selection (for validation of selection tools), hiring and placement (useful for making decisions about extending/terminating/confirming the employment of the worker after the probationary period) and legal defense (useful for defending hiring, promotion, transfers, and termination decisions before the law). Development purposes include training (useful for identifying training needs of workers), success of training programs (useful for assessing job behaviour of worker participant before and after the training and proper direction (useful for guiding and advising).

Apparently WPE has some bearing on labour-management relationship. PE processes often lead to conflict between managers and workers (Huber and Fuller, 1998). If WPE has right attributes for fair and accurate evaluation of workers it will eliminate or alleviate evaluator errors, inadequate feedback, unfair promotion, transfers and lay-offs, and inequitable distribution of pays and incentives. Then workers and unions perceive worker performance evaluation as fair and accurate resulting in no or less grievances and conflicts due to unfair and inaccurate evaluations. If other things in organizational environment are constant, LMR becomes favourable. Accordingly, WPE has a wide range of utility and it does serve the organization, worker and the manager alike.

Objectives of WPE

Any proper WPE must have a formality and clear objectives established. In fact, PE is expected to provide answers to many of the questions relating to management of people in the organization (Prasad, 1993). Storn and Melt (1983), however, mentioned that organizations use PE for administrative purposes, employee development and program assessment. WPE information can be used to make rewards (wages, incentives etc.) decisions (Whether and Davis, 1985). Prasad and Bannerjee (1994) prescribed that the objectives of the periodical appraisal should be to evaluate results and plan for better performance, to understand the gaps in the knowledge, skills, and training needs and to identify men with potential to man higher positions in the future. PE serves several important objectives that cannot be achieved by any other human resource program (Carrell, Elbert and Hatfield, 1995). In their view, objectives of PE include compensation decisions, staffing decisions, evaluating selection systems (these three are called evaluative objectives) and performance feedback, direction for future performance, identifying training and development needs (these are called development objectives). Compensation decisions include merit increases, bonuses and other increases in pay and staffing decisions include promotion, termination, succession planning, transfer, and human resource planning. In an organization it is indispensable to establish clear specific objectives of WPE and all workers, unions (if

any) and managers should be aware of all these objectives.

Policies of WPE

An organization should decide on the following major issues in terms of well-defined policies.

- Whose performance should be evaluated?
- When is WPE to be done?
- Who should do WPE?
- What is the frequency of WPE?

Job performance of all the workers as well as other employees (permanent and non-permanent) are evaluated in order to reap as many purposes of PE as possible to a greater extent. Also evaluating all employees avoid unnecessary negative attitudes which will create if a part of employees are evaluated. Further this will help to ensure legal defense (See Glueck, 1979 and Schular and Youngblood 1986).

Generally there are three approaches towards WPE. These are fixed time approach, arbitrary time approach and job cycle approach. Fixed time approach involves evaluating workers' performance within a certain period of time that may be one day or two days or any other certain point of time depending on the number of workers and workload of the evaluator. Job cycle involves evaluating worker job performance when he/she finishes all the duties for one time. It is more appropriate to use fixed time approach and/or job cycle approach rather than arbitrary dates approach (where different workers are evaluated at different days/times not at a fixed time period) in order to have more convenient administration of PE, more concentration of evaluator on PE, easier comparison of PE of different employees and lesser possibility of unfair and inaccurate PE owing to organizational and environmental causes (such as transfer or promotion of evaluator) and clear starting and ending of work.

Arguments of Glueck (1979), Schular and Youngblood (1986), Bernardin and Russel (1993) and observation of Judge and Ferris (1993) suggest that immediate superior should be allowed to participate in evaluating job performance of any employee and however only immediate superior is not adequate. As the immediate superior is in a position to observe the performance of the relevant worker very closely he/she should be allowed to participate in evaluating. A worker's performance evaluation can be done by several sources including immediate superior, several superiors, a committee, an outsider, peers, customers, and self and a combination. As each source has its own advantages and disadvantages

use of several sources will enhance the degree of accuracy of PE.

One system of evaluating performance called the 360-degree feedback system appears to be growing in popularity in developed countries especially in USA. 360-degree feedback involves the use of several evaluators including superior, subordinates and peers of the target worker and it seems to be better because it maximizes advantages and minimizes disadvantages of the sources being considered. Ninety percent of fortune 1000 companies use some form of multi-evaluator evaluation (Filipczak, Hequet, Lee, Picard and Stamps, 1996). Approximately 92 percent of managers who have experienced the review process know 360-degree feedback as a helpful system (Jones, 1997). 360-Degree Feedback focuses on skills needed across organizational boundaries, reduces or eliminates many of the common appraisal errors by shifting the responsibility for evaluation from one person, makes the process more legally defensible (Mondy et.al, 1999). Although there is a lack of empirical findings about the utility of 360-degree feedback in developing countries, we argue that use of several evaluators including the immediate superior of the worker is more appropriate for the issue of who should do WPE.

Martinez (1997) reports that in a study by Hewitt Associates found that companies conducting multiple PE had better results in terms of total shareholder return on equity, sales growth and cash flow. In the current business climate, it is advisable for all organizations to consider monitoring performance often. Many employees believe performance feedback should be given more frequently than once or twice a year (Bernardin and Christopher, 1997 as in Anthony and et.al, 1999). Conducting formal PE at least twice per year seems to be more appropriate because of lesser probability of occurring recency effect and greater opportunity of giving feedback.

WPE Criteria and Standards

The dimensions of performance upon which an employee is evaluated are called the criteria of evaluation (Ivancevich, 1992). WPE criteria refer to the factors on which a worker is evaluated. Thus, criteria involve measures of factors of identifying success of job performance. Good PE criteria are indispensable for fair and accurate WPE.

It is considered that PE criteria should bear three elements such as adequacy, definition and objectivity. Use of a single criterion is not good at all to evaluate the success of job performance of an employee (Ivancevich, 1994). Use of multiple criteria is recommended. For successful PE of human resources, PE criteria should be developed in respect of traits (qualities), behaviors (activities) and results (outcomes) as well

because there are both pros and cons to focusing exclusively on one group of criteria and then use of the three groups enhances adequacy of evaluation (Beach, 1985 and Tripathi, 1991). Traits are special qualities possessed by the worker such as job knowledge, honesty and trust which contribute to better behaviours and to identification of training needs of the worker. Behaviours are particular activities (such as attendance, punctuality and organizing the work etc.) to be performed for success of the job and are generally free from contamination by outside uncontrollable factors (such as economic conditions, power failures or poor tools) while results are the outcomes that are the primary goals of the job performance are easier to evaluate more fairly and more accurately. The formal PE should contain both objective and subjective measures of performance (Anthony, Perrewe & Kacmar, 1999). Traits and behaviours are subjective measures while results are objective measures.

All the PE criteria used should be clearly defined (Chruden & Sherman, 1980). Criteria should be defined clearly so that users can understand them properly for effective WPE. Relative degree of accuracy is higher in case of objective criteria compared with subjective criteria (Stone and Melt, 1983; Wether and Davis, 1985). It is more appropriate to use objective criteria for PE because they are quantifiable distinctly and verifiable by others. The degree of objectivity is maximized if all the criteria being used for PE can be quantified clearly. Even if some subjective criteria are used for more adequate evaluation they should be evaluated through the use of objective standards/rating scales as much as possible in order to improve the degree of objectivity of the WPE.

Owing to the use of standards, performance criteria take on a range of values (Schuler and Youngblood, 1986). WPE standards indicate rating scales that should be developed systematically and fairly to assess worker job performance. Anthony, Perrewe and Kacmar, (1999, p.379) state:

"Based on job analysis information, the levels of performance deemed to be acceptable versus those that are unacceptable are developed. In essence, this determines a standard against which to compare employee performance. A good performance standard describes what an employee should have produced or accomplished upon completing a specific activity."

It is necessary that standards should be devised with caution. Stiff strictness or loose controls will vitiate the whole purpose of effective WPE.

Standards should also be dynamic rather than static. There must be several important requirements to be met for good PE standards (Anthony et.al, 1999). The standards should be written down so that anyone who

reads them will recognize the difference between acceptable and unacceptable levels of performance. Second, the standard should challenge the employee while being realistic (setting an extremely high standard to motivate employees to perform at their maximum level may backfire). Also the standards should be observable and measurable and a time frame should be specified.

Regarding the number of rating scales in respect of a particular criterion there is no certain number. Several researchers have experimented with varying the number of rating categories. Their results show that consistency among raters drops significantly when there are less than 4 or more than 10 categories, seemingly, nine categories tend to produce the most consistent ratings (Rice, 1996). We feel, as a via-media, it is better to have rating categories between five and eight to improve consistency among raters as well as the reliability of WPE resulting in enhancing good LMR.

WPE Training

Training is an important component of the PE system's implementation. Training of evaluations refers to a systematic endeavour to improve their competencies in terms of knowledge, skills and attitudes within the relevant parties in respect of WPE. There is a significant need to give some form of training to evaluators, evaluatees (whose performance is evaluated i.e., workers for this paper) and the persons who make decisions based on WPE. Bernardin, Kane, Ross, Spina and Johnson (1995) recommend the training for raters, ratees and all decision-makers and analysts.

Proper evaluator training reduces evaluator errors such as leniency, strictness, central tendency, and especially halo effects (Smith, 1986). Evaluator training must provide the knowledge, develop the skills used, and create the attitudes necessary for an effective PE system (Kirkpatrick, 1986). A good WPE evaluator-training program should include the following ingredients:

● **Objectives of WPE**

- An understanding of the WPE system designed/ used in the organization
- Common errors associated with evaluators and how to avoid those errors-halo effect, bias, central tendency, harshness and leniency, recency effect and so on
- Practice in perfecting WPE forms

- WPE Interviewing techniques and how to give feedback
- Other important issues involved in WPE such as ethics, legal defensibility, documentation for proper evaluation, and responsibility of WPE in the organization.

In fact, there is a need for training evaluatees/ratees in respect of the WPE system being used in the organization. The evaluatees should be made aware of the rating schemes and processes involved in the organizational set up. Also they should be made understood clearly about how to interpret evaluation reports, how to appeal their evaluations given and about the way of processing and deciding the appeals.

Evaluation

Under this dimension of WPE, the evaluator or evaluators actually does/do evaluation of job performance of workers. Evaluation requires:

1. Evaluators keep notes throughout the evaluation period (Robert, 1998).
2. Be honest in assessment of all the facts obtained (Kellog, 1965).
3. Do not include rumors, allegations or guesswork as part of written evaluations (Robert, 1998).
4. Give ratings that the evaluatee deserves to be given genuinely.

WPE Feedback

Once evaluation of performance of a worker is done the results of the evaluation should be discussed with the worker through a feedback interview. Chruden and Sherman (1980, p.246) argued as follows:

"The evaluation interview provides the superior an opportunity to discuss the quality of performance with the subordinate and to explore areas of possible improvement and growth. It also provides an opportunity to identify the subordinate's attitudes and feelings more thoroughly, and thus improve communication between the parties that may lead to feeling of harmony and cooperation."

Workers' motivation to improve their current performance increases when receive feedback that specifies goals, which in turn enhances future career moves (Kaye, 1984). Knowledge or the results of work is one critical psychological state that controls satisfaction and motivation (Dale and Coper, 1992) and this knowledge of the results of work is delivered through WPE interview.

There are basically three methods of feedback interview such as tell-and-sell, tell-and listen and problem solving (Schuler and Youngblood, 1986; Mathis and Jackson, 1988). As each method has its own advantages and disadvantages combination seems to be good. The combination stimulates growth and development in worker, increases freedom, enhances responsibility and facilitates change while minimizing disadvantages such as suppressed defensive behaviour, loss of loyalty and inhibition of independent judgment (Chruden and Sherman, 1980 and Mamoria, 1991).

The belief of the evaluatee in the fairness of an appraisal will be a major determinant of her or his action to the system (Taylor, Tracy, Renard, Harrison and Carroll, 1995). When subordinates trust the supervisor to conduct fair and unbiased appraisals, their satisfaction with the system increases dramatically (Dolan and Maran, 1995). WPE feedback should be an exchange of information between the evaluatee and the evaluator(s). The goal is to get employees to do more talking and thinking about their performance (Jones, 1998).

Agenda of Action: 20-Point-Programme

In the light of the aforementioned discussion, we suggest the following 20-Point-Programme useful to any organization in a developing country towards effective WPE:

1. Spell out very clearly all the objectives of WPE.
2. Make all the workers known about the objectives of their performance evaluation.
3. Evaluate formally all the workers (casual, temporary and permanent) and all the managers as well.
4. Assess the performance of all workers under the span of a manager at the same time and at a certain time period (not at different times for different subordinates).
5. Combine several parties to do the performance evaluation of a worker including the immediate supervisor.
6. Conduct WPE at least twice per year.
7. Establish performance evaluation criteria to measure traits (qualities such as commitment, job knowledge, honesty etc.), behaviours (activities such as coming to work, punctuality, etc) and results (outcomes such as number of units produced etc.). However, greater weightage is to be given to results, as the results are the most important at the final analysis.
8. Define all the performance evaluation criteria unambiguously so that the user can understand them properly.
9. Adopt procedures so as to make all the criteria very objective (can

- be measured quantitatively and clearly).
10. Apply systematic and fair rating scales/categories (degrees of success such as excellent, good, average, poor and very poor).
 11. Have rating scales between five and nine.
 12. Train all the evaluators and evaluatees in respect of the WPE system.
 13. Develop performance manuals/handbooks for the use of evaluators and workers.
 14. Sustain the quality of the manuals/handbooks.
 15. Ensure that relevant evaluators keep notes throughout the evaluation period.
 16. Make sure that relevant evaluators are honest in assessment of all the facts obtained.
 17. Check that evaluators always do not include rumors, allegations or guesswork as part of written evaluations.
 18. Ensure that evaluators always give ratings the evaluatees they deserve to be given genuinely.
 19. Establish the practice that after performance evaluation, the evaluators always discuss with the workers through feedback interviews.
 20. Hold appropriate and fair worker performance feedback interviews.

Concluding Comment

WPE is one of significant issues that organizations in a developing country will have to face in the new millennium. WPE identifies, assesses, administers and develops performance of workers on the job and it serves many purposes. Some key dimensions of WPE include objectives, policies, criteria and measurement standards, training, evaluating, and evaluation feedback. There are several courses of actions to be followed by any organization for effective WPE.

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