Chapter 8 – Performance Management

Performance management may present a different challenge from the proceeding chapters. While the content may be recognizable, student experiences with performance management may be mixed. These experiences may be leveraged to help accentuate the need for strong understanding and implementation of effective performance management (LO8-1). Introducing the purposes of performance management (LO8-2) within the context of effective performance management may help reinforce why performance management and its proper implementation is so important.

Once students are acquainted with performance management and its potential pitfalls, LO8-3 may be introduced and discussed. Figure 8.3 may help assist with this discussion, and can help introduce LO8-4 and LO8-5, while also supporting the introduction and understanding of LO8-6 and LO8-7. Here, instructors may also wish to discuss LO8-9, as the different sources (LO8-7) and their value (LO8-6) may facilitate stronger student understanding of the potential for errors within evaluations. LO8-10 and LO8-11 may be discussed within the students’ role as a manager, and how they may provide feedback and how that feedback may assist employees in development and improvement.

Learning Objectives

LO 8-1: Identify the major parts and limitations of the traditional performance management process.

LO 8-2: Discuss the features of a continuous performance management process and why companies are adopting this approach.

LO 8-3: Discuss the six purposes of performance management.

LO 8-4: Identify the five criteria for effective performance management systems.

LO 8-5: Discuss the five approaches to performance management, the specific techniques used in each approach, and the way these approaches compare with the criteria for effective performance management systems.

LO 8-6: Choose the most effective approach to performance measurement for a given situation.

LO 8-7: Discuss the advantages and disadvantages of the different sources of performance information.

LO 8-8: Choose the most effective source(s) for performance information for any situation.

LO 8-9: Discuss the potential advantages of social performance management and electronic monitoring for performance management.

LO 8-10: Distinguish types of rating errors, and explain how to minimize each in a performance evaluation.

LO 8-11: Conduct an effective performance feedback session.

LO 8-12: Identify the cause of a performance problem.

Society for Human Resource Management *Body of Competency & Knowledge*

This chapter contains content which may be identified within the following content areas in HR Expertise:

* HR Strategic Planning
* Employee Engagement & Retention
* Learning & Development
* Total Rewards
* Structure of the HR Function
* Organizational Effectiveness & Development
* Workforce Management
* Technology Management
* Diversity & Inclusion
* U.S. Employment Law & Regulations

Human Resource Certification Institute’s *A Guide to the HR Body of Knowledge*

This chapter contains content which may be identified within the following content areas:

* Business Management & Strategy
* Human Resource Development

Guidance to Discussion Questions and End of Chapter Sections

**Discussion Question 1:** What are examples of administrative decisions that might be made in managing the performance of professors? Developmental decisions?

Examples of administrative decisions for professors include pay raises, promotions, tenure decisions, layoffs, and recognition of individual performance. Developmental decisions include working with professors who tend to be having problems with teaching, dealing with students, research productivity, or dealing with colleagues.

**Discussion Question 2:** What would you consider the strategy of your university (e.g., research, undergraduate teaching, graduate teaching, a combination)? How might the performance management system for faculty members fulfill its strategic purpose of eliciting the types of behaviors and results required by this strategy?

Responses may vary depending on the university, and some students may not be aware of the university's strategy; however, the performance management system should emphasize the university's strategy. For instance, a research institution should emphasize research in the performance system for professors, while a strategy on teaching should evaluate faculty on teaching objectives.

**Discussion Question 3:** Explain the differences between the traditional and continuous performance management process.

Although responses can vary, it might be the best response to say that the first step of the process is the most important. In this first step, performance outcomes are defined. Without such definition, no other step in the process can be workable or successful. However, a case could likely be made for each step, as long as the student provides an articulate and substantive justification

**Discussion Question 4:** What sources of performance information would you use to evaluate faculty members’ performance?

Sources of performance information for professors could include students, advisees, colleagues, department heads, and self-ratings.

**Discussion Question 5:** Why are companies changing their performance management systems? Is this a good idea?

Responses should recognize the time and resource intensity performance management administration takes, and how organizations may be not be engaging in performance management at all, or implementing technology to change or improve the process and its accuracy.

**Discussion Question 6:** Think of the last time you had a conflict with another person, either at work or at school. Using the guidelines for performance feedback, how would you provide effective performance feedback to that person?

Students might suggest focusing on problem solving and trying a problem solving approach instead of a tell-and-sell or tell-and-listen approach, focusing feedback on the behavior and not the person, minimizing criticism, and recognizing effective performance through praise.

**Discussion Question 7:** Explain what fairness has to do with performance management.

The three categories of fairness are procedural fairness, interpersonal fairness, and outcome fairness. In procedural fairness, managers should give employees the opportunity to participate in the development of the system, ensure consistent standards, and minimize rating error and biases. In interpersonal fairness, managers should have timely and complete feedback, allow employees to challenge the evaluation, and provide feedback in an atmosphere of respect and courtesy. In outcome fairness, managers should communicate expectations regarding performance evaluations and standards and communicate expectations regarding rewards.

**Discussion Question 8:** Why might a manager unintentionally distort performance ratings or the reasons used to explain an employee’s performance? What would you recommend to minimize this problem?

Managers might purposefully distort the appraisal because (1) managers are accountable for the employees being rated, (2) there might be competing goals within the organization, and there might be a direct link between performance appraisals and highly desirable rewards. Students then may identify how unintentional distortion may result from interpretation of the scales or unknown biases. Recommendations may be:

• Train managers on the appropriate use of the system.

• Build top management support.

• Recognize employee accomplishments that are not self-promoted.

• Have an open culture within the organization.

**Discussion Question 9:** Can electronic monitoring of performance ever be acceptable to employees? Explain.

Responses may vary. Explore with students both sides of the issue; Company side—monitoring performance to weed out poor performers and reward top performers; affects the productivity and overall competitiveness; Employee side—trust and privacy issue.

**Discussion Question 10:** Customer satisfaction surveys completed after a service call show that a call center representative is having difficulty answering customers’ questions about their cell phone bills. How would you diagnose the cause of this performance problem? Explain.

Responses may vary dramatically, depending on the rationale and observation. Training, job fit, and other reasons may be given, but students should identify the need to speak with and observe the employee in the analysis.

**Discussion Question 11:** How can the use of apps benefit the performance management process? How can they detract from it?

Technology can facilitate the capturing and communication of performance, for example, from multiple perspectives including peers, superiors, and clients who can provide insights for employees about their performance. When a system is online, managers can document and then retrieve information that they gather throughout the year, and use that data to inform the formal performance management meeting with their employees. Therefore, there are several ways that technology can benefit this process. Apps may also be location-based, or use other technologies within smartphones allowing for the better tracking of employees. However, the same observations about technology may be made about apps.

**Discussion Question 12:** What would you do to ensure that a results or objective focus of performance management is effective?

Students may identify the need train managers, employees, as well as communicate the importance of performance management and its role within the organization.

**Exercising Strategy**

Performance Management Aligns with Asana’s Culture

1. How well do you think Asana’s approach to performance management seems to meet the (a) strategic, (b) adminis­trative, (c) developmental, (d) communication, (e) orga­nizational maintenance, and (f) documentation purposes of performance management? Use evidence from the case to support your opinions.

(a) The company uses clear goals and objectives that align with the company’s strategy. (b) The administrative part of performance management is managed by software that tells management what people have done and if they are on track toward goals. (c) The company believes performance management is about enabling em­ployees to continue improving along with the entire company. (d) Communication includes mentoring and coaching, annual self-reviews, and peer reviews. (e) To maintain their culture, change is built into the method of operating. (f) Just as the company documents progress toward its goals, individuals document progress toward their own personal goals.

1. Like other high-tech companies, Asana is struggling to build a more diverse workforce. Identify two ways the company is or could be ensuring that its performance management system does not discriminate.

Responses will vary. Students might point out that Asana’s vision includes making everyone feel valued and empowered. The teamwork software measures actual performance, so it does not discriminate.

1. Which part of Asana’s performance management process contributes most to its effectiveness? Explain.

Responses will vary.

**Managing People**

Helping to Encourage Frequent and Productive Performance Conversations

1. What steps should managers take to ensure that perfor­mance discussions are effective? Responses should reflect the need for managers to review the information prior to meetings to be prepared.
2. What are the benefits and potential disadvantages of more frequent performance discussions between managers and employees?

Responses will vary, but should reflect how more does not necessarily mean quality, and that more may help keep employees on track and managers aware of progress.

1. Which purpose of performance management will be more difficult to achieve for companies like Adobe that decide to abandon ranking or rating employee performance?

Responses should reflect how ratings provide the measurements for administrative decisions, such as pay raises.

**HR in Small Business**

Retrofit’s Mobile Performance Management

1. What methods for measuring performance would be most suitable for the system Retrofit is using? Why?

Students should identify the behavioral-based methods, as the app allows for observation of actual activity and documentation.

1. What advice would you give managers at Retrofit to help them deliver performance feedback effectively when they meet with their employees?

Responses will vary, but should focus on preparation for meeting by reviewing work and identifying specific examples to support feedback.

Guidance to Chapter Cases

**A Look Back**

Patagonia’s Revised Performance Management System

1. Do the changes Patagonia’s made in the performance management system support the company culture? Explain why or why not?

Students should identify the developmental and strategic purposes, as they are less focused on the evaluative role, which supports the administrative purpose.

1. What are the advantages and disadvantages of encouraging peers to provide feedback using an app?

Responses should balance the speed and efficiency, with the potential for brief, or even less-than-serious use.

1. What characteristics does feedback need to have so that it is useful for changing behavior, and in turn, performance?

Students should discuss the need to align it with strategy, and then ensure employees are trained and thoroughly understand the system.

**Competing through Environmental, Social, and Governance Practices**

Wells Fargo: Boosting Sales Damages Stakeholders

1. How can Wells Fargo prevent the use of objectives in its performance management system from having a negative impact on its employees and customers?

Wells Fargo could involve employees in determining goals and objectives instead of imposing impossible ones on them. They are adding objectives that focus on customer service, and this should help.

**Competing through Globalization**

Global Work Teams Require Going beyond Managerial Appraisals

1. Why are 360-degree appraisals particularly useful for global teams?

Working globally often requires collaboration with people who aren’t in the same office. It is helpful to get feedback from one’s peers in addition to one’s manager. This can be difficult when people are geographically separated.

**Competing through Technology**

*Want to Give Feedback? There’s an App for That*

1) What would you do to ensure that employees are willing to use apps to provide feedback and recognition to their peers and act on the feedback they receive?

Responses will vary.

**Integrity in Action**

At Penn Station East Coast Subs, STEAKS Are Not Just for Eating

1. If you were a manager, which of the steps in the STEAKS model do you think would be most difficult to adopt when providing feedback? Explain why.

Responses will vary, but should demonstrate understanding of the STEAKS model.

Other Classroom Materials: CONNECT

There are CONNECT exercises available through McGraw-Hill, which can greatly assist student preparation for class and understanding of chapter concepts. Instructors may wish to structure the class, where students must complete the CONNECT exercises prior to class, thus, further reinforcing material and allowing instructors to expand and challenge student understanding during class time. CONNECT exercises may be set-up to be time-based, requiring students to practice chapter materials for a specific timeframe. It is the instructors’ discretion how they desire to include this into the course grade, but a low-stakes grading system based on completion is suggested to help encourage student usage, while minimizing penalties for mistakes during completion.

The following activities are available in Connect for this chapter:

**Criteria for Conducting Evaluation**

*Case Analysis*

This activity reviews various aspects of a performance management system.

LO: 08-03 Discuss the six purposes of performance management.

08-05 Discuss the five approaches to performance management, the specific techniques used in each approach, and the way these approaches compare with the criteria for effective performance management systems.

08-06 Choose the most effective approach to performance measurement for a given situation.

08-07 Discuss the advantages and disadvantages of the different sources of performance information.

08-10 Distinguish types of rating errors, and explain how to minimize each in a performance evaluation.

Difficulty: 2 Medium

Blooms: Understand

AACSB: Analytical Thinking

Topic: Criteria for Effective Performance Management Systems

**Explaining Errors in Performance Evaluations**

*Case Analysis*

This activity asks students to distinguish between a variety of rater errors.

LO: 08-10 Distinguish types of rating errors, and explain how to minimize each in a performance evaluation.

Difficulty: 2 Medium

Blooms: Understand; Analyze

AACSB: Analytical Thinking

Topic: Performance Rating Systems

**Appraisal Approaches**

*Click & Drag*

This activity presents various situations and asks students to distinguish between the five main approaches for designing evaluations to measure performance.

LO: 08-05 Discuss the five approaches to performance management, the specific techniques used in each approach, and the way these approaches compare with the criteria for effective performance management systems.

08-06 Choose the most effective approach to performance measurement for a given situation.

Difficulty: 3 Hard

Blooms: Analyze

AACSB: Knowledge Application

Topic: Approaches to Performance Management

**Caroline’s Performance Evaluation**

*Case Analysis*

This activity reviews the best practices for giving and receiving an effective performance review.

LO: 08-01 Identify the major parts and limitations of the traditional performance management process.

08-10 Distinguish types of rating errors, and explain how to minimize each in a performance evaluation.

Difficulty: 2 Medium; 3 Hard

Blooms: Evaluate

AACSB: Communication

Topic:

**Manager's Hot Seat: Privacy**

*Video Case*

This activity discusses the problematic issues that arise when a manager only takes into account one factor of performance.

LO: 08-04 Identify the five criteria for effective performance management systems.

08-05 Discuss the five approaches to performance management, the specific techniques used in each approach, and the way these approaches compare with the criteria for effective performance management systems.

08-10 Distinguish types of rating errors, and explain how to minimize each in a performance evaluation.

Difficulty: 2 Medium

Blooms: Understand; Apply

AACSB: Analytical Thinking; Knowledge Application

Topic: Characteristics of Effective Performance Appraisals; Approaches to Performance Management; Sources of Performance Information

**Manager's Hot Seat: Listening Skills**

*Video Case*

This activity discusses how a manager can leverage a performance management system to improve an employee's performance.

LO: 08-02 Discuss the features of a continuous performance management process and why companies are adopting this approach.

08-04 Identify the five criteria for effective performance management systems.

08-07 Discuss the advantages and disadvantages of the different sources of performance information.

08-10 Distinguish types of rating errors, and explain how to minimize each in a performance evaluation.

Difficulty: 1 Easy; 2 Medium

Blooms: Understand; Apply

AACSB: Knowledge Application

Topic: Performance Management

**Performance Feedback**

*Click & Drag*

This activity asks students to select the most appropriate feedback recommendation based on various statements about performance and feedback.

LO: 08-11 Conduct an effective performance feedback session.

Difficulty: 3 Hard

Blooms: Apply

AACSB: Knowledge Application

Topic: Approaches to Performance Management

**CHRO Conversations: Interview with Dr Mirian Graddick-Weir (Part Two)**

*Video Case*

This activity has students watch a video interview with the Executive Vice President of HR at Merck and answer questions about the importance of employee performance feedback and how that feedback can best be offered.

LO: 08-01 Identify the major parts and limitations of the traditional performance management process.

Difficulty: 1 Easy; 2 Medium

Blooms: Understand

AACSB: Knowledge Application

Topic: Criteria for Effective Performance Management Systems; Performance Rating Systems