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(70)

Human Resource

# HUMAN RESOURCE PRACTICES

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## OVERVIEW:

In order to make fair job appointments and have it clearly understood what a specific job entails there is a need for a thorough and accurate job analysis - an objective summary of all job's requirements and limits. It is no good at telling someone that they have not done their job properly if they don't exactly know what that entails. It is likely to cause great resentment if one employee is rewarded while another who happens to be doing much more in the job, is not.

In this topic we will first look at the concept and techniques of job analysis and then at the ways in which we can assess the extent to which employees are satisfactory meeting their job requirements-performance appraisal. Finally we look at the kinds of reward systems that often depend upon good analysis and appraisal. This last topic is intimately connected with the topics of work motivation and job satisfaction which we will return to. The sections for this topic then are:

- Job Analysis And Job Analysis Techniques
- Performance Appraisal, Techniques, Administration And Problems
- Reward Systems

We will be examining the speciality of industrial/organisational psychology referred to as personnel psychology. Personnel psychology is concerned with the creation, care, and maintenance of work force, which includes the recruitment, placement, training, and development of workers; the measurement and evaluation of their performance; and concerned with worker productivity and satisfaction. In short, the goal of personnel psychology is to take care of an organisation's human resources.

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71

## JOB ANALYSIS & JOB ANALYSIS TECHNIQUES

One of the most basic personnel functions is job analysis, or the systematic study of the task, duties and responsibilities of a job and the knowledge, skills and abilities needed to perform it. Job analysis is the starting point for nearly all personnel functions, and job analysis is critically important for developing the means for assessing personnel (Wheaton and Whetzel, 1997). Before worker can be hired or trained and before worker's performance can be evaluated, it is critical to understand exactly what the worker's job entails. Such analysis should also be conducted on a periodic basis, in order to ensure that the information on the jobs is up to date. In other words, it needs to reflect the work actually being performed.

Because most jobs consist of a variety of tasks and duties, gaining a full understanding of job is not always easy. Therefore, job analysis methods need to be comprehensive and precise. Indeed, large organisations have specialist whose primary responsibility is to analyse the various jobs in the company and develop extensive and current description for each.

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Most jobs are quite complex and require workers to possess certain types of knowledge and skills in order to perform a variety of different tasks. Analysis of jobs should allow for flexibility and creativity in many jobs, rather than being used to tell people how to do their job.

A job analysis leads directly to the development of several other important personnel "products": a job description, a job specification, a job evaluation and performance criteria. A **job description** is a detailed accounting of the task, procedures and responsibilities required of the worker; the machines, tools, and equipment used to perform the job; and the job output. Often new workers are provided with descriptions of their jobs during the initial orientation and training.

A job analysis also leads to a **job specification**, which provides information about the human characteristics required to perform the job, such as physical and personal traits, work experience and education. Usually, jobs specifications give the minimum acceptable qualifications that an employee needs to perform a given job.

A third personnel "products", **job evaluation**, is the assessment of the relative value or worth of a job to an organisation in order to determine appropriate compensation or wages. Finally, a job analysis helps outline performance criteria, which are the means for praising worker success in performing a job.

These products of job analysis are important because they provide the detailed information needed for other personnel activities, such as planning, recruitment and selection programs, and performance appraisal systems.

Some time ago a Fire service in California used to include in its criteria for selection as a fire-fighter the requirement that applicants carry a 200lb weight over an obstacle course. Very few women were successful and hence few were appointed. The criterion was challenged and a job analysis carried out. This showed that the carrying task was rarely if ever required in order to perform the job of firefighter satisfactorily. The criterion was ruled discriminatory and removed from the selection procedure.

Advantages

72

Cook (1998) believes that many employers have a very hazy idea of what they want in a new employee. He says that job descriptions and person specifications are often subjective, intuitive and vague.

The problem here was that the person specification did not match the job description. The purpose of a job analysis is to produce a job description, in terms of skills, abilities, knowledge and equipment by studying the work of several people who do that job. The results might be used for:

- Specifying training needs-personnel might need training so that they are competent in all aspects of the job.
- Job redesign-where changes are made so that jobs are more interesting, safer or more suitably geared to human abilities and needs.
- Reducing ambiguity-and very often there is a discrepancy between what workers say they do and what the organisation says they should do.
- Developing a valid selection procedure-Wiesner and Cronshaw (1988) showed that jobs selection interviews based on job analysis were superior in outcome to those that were not.
- Job analysis and their products are also valuable because of legal decisions that make organisation more responsible for personnel actions as part of the movement toward greater legal rights for the worker for most, these laws are those concerned with equal appointment opportunities for disadvantaged and minority workers.
- Certain personnel actions, such as decisions to hire or promote, must be made.

In order to perform a good job analysis, the job analyst must be well trained in the basic research methods. Therefore, a job analyst must be expert in objective measurement techniques in order to perform an accurate job analysis. In fact, a review of research on job analysis methods are critical for effective job analysis (Landy, 1993).

Job analysis procedures are designed to produce systematic information about jobs, including the nature of the work performed, the equipment used, the working conditions, and the position of job within the organisation (Arnold, Cooper and Robertson, 1998). The techniques and procedures used in job analysis are wide ranging (Spector, Branning and Coover, 1989), but the sources of job analysis data can be categorised as follows:

- written material
- job holder's reports
- colleagues' reports
- direct observation

73

### WRITTEN MATERIAL:

For jobs already in existence, there are likely to be written job descriptions within the organisation. If this is comprehensive and up to date, it can provide the analyst with useful information. A job description can be supplemented by other written material, such as organisation charts and training manuals.

Another method for job analysis is to have job incumbents record their daily activities in a diary. An advantage of the job diary is that it provides a detailed, hour-by-hour, day-by-day account of the worker's job. One difficulty of diary methods, however, is that it is quite time-consuming, both for the worker who is keeping the diary and for the job analyst who has the task of analyzing the large amount of information contained in the diary.

*evaluation of written materials*

### JOB HOLDER'S REPORTS:

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The job holder is asked by the interviewer to state the main task applicable to the job and the manner in which they are executed. Although the interviewer is expected to be thorough in his or her questioning, all relevant questions may be asked. This could be a problem made worse by subjective and biased reports by the job holder. To counteract these difficulties, it may be helpful if workers complete dairies or activity records. These may be carried out not only with the job incumbents but also with other with whom they come into contact. Questions may be asked as to why certain actions are taken; opinions can be gained as to the effectiveness of the current practices. Interviews may be structured or unstructured. Though time-consuming, this approach avoids the problem of placing total reliance on the worker's memory in an interview situation. Another technique deals with critical incidents (Flanagan, 1954). Here, the job holder is asked to recall specific incidents related to either very good or very poor job performance.

The advantages of interviews are that job holders have information about their jobs that may not be available by any other method. They can be active in analysis process and so may be less alienating by the attention their job is receiving. However possible dangers include:

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- Interviewees might anticipate rewards or redundancies based on the information they provide and hence may distort the nature and importance of the job accordingly.
- Lack of rapport between interviewer and job holder because the wrong level of terminology is used (overly formal), the job holder distrusts the interviewer or has trained inadequately prepared for the process.
- A poorly prepared set of questions. Asking people just to 'tell me about your job' will not produce consistent information. Interview questions need to be prepared with a closer relationship to the precise information required from the job analysis.

There are other approaches to job analysis relying on the perceptions of the job holder obtained by structured questionnaires. These can be very comprehensive, covering areas such as information input to the job, orientation of the job (extent to which the job is directed towards data, people, or things), traits and skills required to do the job (reasoning, decision making, relating to others), and the output of the work process (Arnold, Cooper and Robertson, 1998).

74

Task inventory is often called a self-report approach since employees usually tick off or give a rating to each item on the questionnaire. Typically this will consist of very many task statements which the employee simply ticks or rates on a numbered scale which indicates 'how important' or 'how frequently' the task is performed. The task statements are generated through consultation with job experts prior to scale construction. *Evaluation*

### COLLEAGUES' REPORTS:

As a means to provide comparative data, one could rely on the perceptions held by superiors, peers and (where appropriate) subordinates of the job holder's activities.

Most large, established organizations usually have some information on records that can be used in the job analysis, such as the previous job analysis for the position or an analysis of a related job. Existing data should always be checked to make sure it conforms to the job as it is currently being performed, and also to determine if the existing data accounts for the inclusion of new technology in the job. *Evaluation*

### DIRECT OBSERVATION:

This amounts to direct observation of the way a particular job is done. Of course it is possible that the observer then fail to detect some interesting features of the job, thereby undermining the credibility of the exercise, and the job holder may behave unnaturally because of being observed. However, direct observation offers potential in generating useful insights, more so perhaps if the analyst is a participant observer engaged totally or partially in the job.

Direct observation of worker's activities has the advantage of highlighting behaviour or task which the interview might not, simply because workers fail to mention them or consider them an important. This can work effectively for simple repetitive and manual task. However problems would be encountered where. *Evaluation*

- The job involves mainly mental activity which cannot be observed (e.g. writing a lecture).
- Job holders are aware of the observation the worker might be subject to 'Hawthorne effect' where knowledge of observation itself seriously affects the way the observed person behaves.
- The job or task cycle is long: farming task can involve both planting and reaping; writing new software might take several months or even years.

Methods of carrying out job analysis were evaluated for their effectiveness by experienced job analysts and reported by Levine et al (1983). The study found that all job analysis tasks are seen as effective in different situations, but the use of multiple methods of job analysis has been found to be the most effective in providing comprehensive analysis.

75

## SPECIFIC METHODS FOR JOB ANALYSIS

**Functional Job Analysis (FJA)**, unlike task inventories which relate only to specific jobs can be used to compare very different jobs (Fine, 1988). It takes a large list of tasks, already generated from the study of a job, and grades these according to the categories. Eventually the job itself is given an overall grading according to its orientation. This refers to the relative degree to which the job is involved in three major areas-data, people and things. Functional Job Analysis is useful in comparing jobs for equivalence and in producing job descriptions where large numbers of positions are involved. FJA begins by examining what gets done- the sequence of tasks that must be completed- and how it gets done- the processes by which the worker completes the tasks.

The position analysis questionnaire (PAQ) developed by McCormick, Jeaneret and Mecham (1972) also permits comparison across different jobs. It is more detailed than the FJA and consists of nearly 200 items under each of six major headings:

- information input (where and how the worker gets information),
- mediation (reasoning and other processes that workers use),
- work output (physical activities and tools used on the job),
- relationships with other persons
- job contexts (the physical and social contexts of work),
- other job characteristics

Originally the scale required the reading ability of a college graduate. Provisions have been made but the reading level required is still quite high.

**Critical incidents technique** (Flanagan, 1954) involves asking job holders or supervisors for examples of very good or very poor performance. For instance, workers might be asked to recall the last job that they feel they did really well. These incidents are recorded along with the specific behaviour patterns and events that were associated with the incident. The identification of required Knowledge, Skills, and Abilities (KSAs) is made by examining the incidents--their causes and solutions. This technique is useful for developing work sample tests.

A problem with this technique is that while it might identify particularly useful behaviours and those to be avoided, it might not identify the typical but unremarkable aspects of a job. In addition, it is found that respondents tend to attribute incidents to personality rather than to actual behaviour.

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Saad Chhagra

5

ORGANIZATIONAL PSYCHOLOGY

76

Human Resource

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# PERFORMANCE APPRAISAL: TECHNIQUES, ADMINISTRATION AND PROBLEMS

Once we have identified through job analysis what a particular job entails, it makes sense to see whether a job holder is in fact doing that job effectively. Because this process of performance appraisal may affect pay awards and promotion, employers must assess workers' efforts in a consistent and formal manner. Traditionally appraisal was conducted informally by untrained supervisors and so suffered from superficial impressions and prejudice.

## BENEFITS & LIMITATIONS OF APPRAISAL

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Feedback-cognitive theories in psychology tell us that people require feedback on the performance for two very good reasons. First, this allows them to know how well they are doing. A long history of the study of the effects of knowledge of results on performance shows that such knowledge helps people perform better in future. Second, feedback also motivates people by letting them know where they stand in the system.

- Rewards-appraisal can also be seen as a fair way of distributing rewards, bonuses and promotions. It is better to compare people openly, through a formal system, than to leave people feeling that they might do well so long as they get to know and ~~praise~~ praise the right people.
- Training and development-identification of each employee's future training needs should be a direct and useful outcome of a good appraisal system. This is another motivating factor for the employee as they have their needs recognise and can strive after better positions. It is also useful for the organisation in ensuring that it builds up a desirable set of competencies, staff. Further, the process can help identify potential among staff- those employees ready for further challenges.

However from the worker's point of view, performance appraisal has often been met with suspicion and hostility. Understandable trades unions have seen the process as a threat to members' jobs. Managers, too, often fear they cannot be fair to workers with whom they do not interact on a day to day level. In addition they can see the process as confrontational and likely to natured dislike and distrust, the workers. Roberts (1994) found that acceptance of appraisal systems depended upon two major factors:

**Employee Voice:** the extent to which employees could participate in discussion at the appraisal, negotiate the coast to be set with the appraiser/manager; the extent to which employees could discuss the feedback on their performance without fear of sanction.

**Information validity:** The extent to which employees perceived truthfulness in the content of appraisals; the employee's acceptance that the appraisal process had some effect on decisions made in the organisation, it was not just all hot air; the extent to which employees could see the justification for the targets they were set, could understand these goals and could see how they attain them, i.e. not impossible targets

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77

## PERFORMANCE APPRAISAL TECHNIQUES

There are a variety of rating techniques that can be used to evaluate employee performance. These methods can be classified into two general categories, those that can be termed "comparative methods" and those that can be labeled "individual methods".

### INDIVIDUAL METHODS:

It is more common for employees to be evaluated using what could be termed "individual methods." Individual methods involve evaluating an employee by himself/herself. However, even though ratings are made individually, appraisals using individual methods may still make comparisons of one individual employee's rating with individual ratings of other employees.

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### GRAPHIC RATING SCALES:

Graphic rating scales is a performance appraisal technique using a predetermined scale to rate the worker on important job dimensions, such as, quality of work, dependability, and ability to get along with coworkers.

A basic method of rating the performance of an individual where a rater places a circle on the point of the scales that appears to be a good reflection of the level of performance. They are easy to develop and administer, provide quantitative comparisons of an individual's performance but do not provide rich data. Also, limiting ratings to only a few job dimensions may constrain the appraiser and may not produce a total picture of the worker's job performance. They have, however, been in existence for a long time and are popular for the evaluation of employees who are entitled to receive overtime payments (Fombrun & Laud, 1983).

### BEHAVIORALLY ANCHORED RATING SCALES:

Behaviorally anchored rating scales (BARS) another performance appraisal technique which uses rating scales with labels reflecting examples of poor, average and good behavioural incidents (Smith & Kendall, 1963).

These are similar to rating scales but each rating has a description attached clearly explaining the types of behaviour that would be needed to be seen consistently throughout the year in order to achieve that rating e.g. Communication could be rated from "Communicates necessary information when required" through to "Is a very effective communicator, always using the correct media, thereby providing accurate, concise, timely and clear information to others"

As you might imagine, the development of BARS is a lengthy and tedious process. The result, however, is a rating instrument that focuses clearly on performance behaviours relevant to a particular job. Increased attention to job behaviours helps to overcome some of the general biases and stereotyping that may occur in other performance ratings, for a worker cannot be summarily judged without consideration of how the person's past behaviour supports the rating.



79

evaluation

Although it is claimed to be a reliable measure, it has potential disadvantages. These relate to the expense of developing and maintaining the system, because scales may need updating as jobs change with the progresses application of new technology. Also the rater's experience difficulties when the anchors do not coincide with the actual behaviours observed.

### NARRATIVES/ESSAYS:

A relatively simple form of individual performance evaluation is the use of narratives, which are open-ended, written accounts of the worker's performance or listings of specific examples of performance strengths and weaknesses, potential, performance to date, and suggestions for improvement.

This record could be based on the memory of the rater or drawn from his or her diary entries, and could provide much more insightful information on an employee's performance than could be derived from a graphic rating scale. However, one has to bear in mind that a rater's memory may not be the most reliable, and diary entries may fall short of what should be considered a good record. In such circumstances the essay method of rating is less than satisfactory.

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The advantage of narratives is that appraisers have the freedom to describe performance in their own words and to emphasize elements that they feel are important. Their major drawback is that they offer no quantification of performance, which makes it very difficult to compare workers' performance. An additional problem with narratives is that the worker may misinterpret the meaning of the report.

evaluation

### CHECKLIST:

Another individual method of performance rating is the use of checklists, which consist of a series of statements about performance in a particular job. The statements are derived from a job analysis and can reflect either positive or negative aspects of performance. The evaluator is required to indicate the frequency with which an employee displays a specific behaviour. Each of the statements is given a numerical value reflecting the degree of effective performance associated with it. The numerical values assigned to the checked items are then summed to give an overall appraisal of the worker's performance.

While checklists are easy to use and provide detailed appraisals of performance that are focused on job-related behaviours, they do have some drawbacks. The development of such techniques is expensive and time-consuming, requiring the generation of applicable work-related statements and the assignment of accurate performance values. Also, checklists may limit the focus of performance appraisal, since the rater must choose among a finite set of statements that might not capture all aspects of an individual's performance of a particular job.

evaluation

### COMPARATIVE METHODS:

Comparative methods of performance appraisal involve some forms of comparison of one worker's performance with the performance of others. These procedures are relatively easy to implement in work organizations and include rankings, paired comparisons, and forced distributions.

78

### RANKINGS:

This involves taking all employees doing a particular type of job and then, using a global criterion, ranking them by performance after reflecting on the various individual contributions. This requires supervisors to rank their direct reports from best to worst on specific performance dimensions, or to give an overall comparative ranking on job performance.

This method compensates for the weakness of the individual methods discussed earlier by stressing the relative performance of employees. Although this is a simple, easy and quick technique, it has several problems. Although ranking separates best from worst, there are no absolute standards of performance. This is a problem if few or none of the employees are performing at "acceptable" levels and conversely if they are all performing well.

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Ranking based on a global criterion of performance has its shortcomings because of the tendency to reduce a very complex set of behaviours to a single value. Also it is difficult to use ranking with a large number of employees, and rankings do not disclose degrees of difference in the levels of performance.

alternative

### PAIRED COMPARISONS:

Another comparative method of performance appraisal uses paired comparisons, in which the rater compares each worker with every other worker in the groups and then simply has to decide which is the better performer. The evaluator usually compares two people at a time on one global performance criterion. The better and weaker performer in each pair is identified, and eventually a list is prepared where people are placed in rank order based on the number of good scores achieved.

This has the same drawbacks of ranking. Both of these techniques, however, have the advantage of being simple to use and of being applicable to a variety of jobs. With increases in the size of the pool of individuals to be appraised, this method shows potential weaknesses associated with handling more and more comparisons.

ratio

### FORCED DISTRIBUTIONS:

In the comparative method known as forced distributions, the rater assigns workers to established categories ranging from poor to outstanding on the basis of comparison with all other workers in the group. Usually, the percentage of employees who can be assigned to any particular category is controlled in order to obtain a fixed distribution of workers along the performance dimension.

definition

One possible problem with the forced distribution occurs when there is an abundance of either very good or very poor workers in a supervisor's work group. This can create a situation where a supervisor might artificially raise or lower some employees' evaluations to fit them into the predetermined distribution.

A study by Farh and Dobbins (1989) showed comparative methods may sometimes yield misleading results; the use of comparative information may increase the accuracy the quality of self-appraisals of performance.

Sad Ushara

ORGANIZATIONAL PSYCHOLOGY

6

# Human Resource Practise

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## ADMINISTRATION OF PERFORMANCE APPRAISAL

When a performance appraisal is formal, the performance dimensions and the way workers are evaluated on them are determined in advanced. Most of the large organizations use formal appraisals, which are usually conducted on a fixed schedule. In a meeting between the workers whose performance is being appraised and the person doing the evaluating the worker is given feedback on his or her performance.

Informal performance appraisals are beneficial. Because they often take place right after desired or undesired behaviours occur, workers immediately have a good idea of what they are doing right or wrong. The smaller an organization is, the more likely it is to rely exclusively on informal performance appraisals.

Ideally, an organization should rely on both formal and informal performance appraisals to motivate its members to perform at a high level and to make good decisions.

Apart from the frequency of performance appraisals in a formal sense, another matter to consider in connection with the Administration of the system is who is charged with carrying out the appraisals? The simple answer is that there can be more people involved than the obvious person, that is, the supervisor. Those charged with carrying out appraisals can be listed as:

- supervisor
- self
- peers
- subordinates

**SUPERVISOR:** the immediate supervisor is often considered to be the most logical choice of candidate for the role of evaluator on the subordinate's performance. However, it is sometimes conceded that supervisors are not sufficiently close to their subordinates to enable them to pass judgement that is likely to be useful. Also, supervisors are generally too absorbed in their roles than monitoring the performance of subordinates (Vecchio, 1995).

Evaluation

**SELF:** this approach to performance evaluation may be suitable one appraising and comparing an individual's performance on certain dimensions such as the quality of performance, interpersonal skills and leadership. It is claimed that employees have the capacity to evaluate themselves in an unbiased manner (Mabe and West, 1982). When it comes to interpersonal comparisons it is said that self appraisals have little value for the comparison of the performance of different individuals. One way of improving the effectiveness of self ratings is to combine them with supervisor ratings (Teel, 1978). In a supportive environment this approach has value in allowing both parties to exchange perceptions of the subordinate's behaviour and performance at work. Vecchio (1995) suggests that self ratings rarely have much influence on decisions about promotions, salary increases, transfers, etc.

Evaluation

81

PEERS: appraisals conducted by peers or co-workers are a rare event, but as a mode of evaluation this type of appraisal has some strengths. Peers are in a good position to observe a colleague's performance in a variety of situations over long periods of time. According to Korman (1968), one out, of being in contact with coworkers for an appreciable length of time is the creation of more accurate assessments and predictions of each other's performance. Although fewer ratings are likely to be more reliable than self ratings, they are vulnerable to a number of potential biases.

SUBORDINATES: subordinates of supervisors or managers could be asked to evaluate the boss's performance. This exercise, which is not in widespread use, should be subject to anonymity, though the latter may be difficult to preserve where a group is small. Many subordinates may seek unhappy about participating in this type of appraisal because they feel that it is not their responsibility to evaluate their superior, or they are not well placed to undertake an upward appraisal, or that they may fear reprisal. It would be unwise to completely ignore subordinates' appraisal of their superiors, because the process could be a valuable source of feedback for the recipient to consider when reflecting on personal performance.

### PROBLEM IN PERFORMANCE APPRAISAL

Evaluation

The quality of measurement systems is very important in performance appraisal. The measurement method produces information used in a variety of decisions connected with promotions, transfers, training, salary increases, and so on. In a good performance appraisal system the measurement methods should be reliable and free from bias, producing ratings and not too lenient, or severe, or bunched in the middle, and that are free of halo and timing errors. But there are situations where imperfections creep into the performance appraisal process, and these will now be discussed.

#### LENIENCY/ SEVERITY ERRORS:

A leniency error in performance ratings occurs when an appraiser tends to make all workers leniently, routinely giving them very positive appraisals (Hauenstein, 1992). A severity error is the exact opposite and arises when an appraiser tends to rate employees on the low end of performance scales, giving generally negative appraisals. There is also a central tendency error, whereby the appraiser tends always to use the midpoint of the rating scale.

All three of these errors lead to the same problem: a short-circuiting of the appraisal process because the rater's tendency to use only one area of the performance scale does not actually discriminate among poor, fair and outstanding workers (Houston, Raymond, & Svec, 1991). The purpose of the appraisal is said to be a factor affecting leniency, particularly in self rating exercises. Employees who rated themselves tended to exercise leniency when the results were used for the dispensing of rewards or sanctions. But when they knew that others would check their ratings, more accurate ratings were evident.

82

## HALO EFFECT:

A halo effect in performance appraisal occurs when appraisers make overall positive appraisals of workers on the basis of one known positive characteristic or action (Nisbett & Wilson, 1977). If a particular worker did an outstanding job on a particular task, the supervisor assumes that all of the person's work is also outstanding, regardless of whether it really is. Certain personal characteristics such as physical attractiveness or being the "rising star" may also lead to halo effects (Landy & Sigall, 1974).

There is also a reverse halo effect, sometimes called the "rusty halo" or "horns" effect (Baron 1986), in which an overall negative performance appraisal is made on the basis of one instance of failure or one negative characteristic.

Because halo effects are such a common source of bias in performance appraisals, a number of rater training programs have been developed to try to control for them (Pulakos, 1984; Smith & Hassett, 1984). It is sad that the cognitively complex person is less likely to comment Halo errors. effects

## RECENCY EFFECTS:

Another potential error in performance appraisals is the tendency to give greater weight to recent performance and lesser value to earliest performance; this can be referred to as the recency effect. Because performance assessments usually rely on the appraiser's memory of a worker's past performance, there are bound to be problems related to accurate recall. In general, the greater the delay between the performance and the appraisal of work behaviours, the less accurate the appraisal will be (Heneman & Wexley, 1983, Murphy & Balzer, 1986).

Earlier performance by a relatively new employee may reflect the employee's learning period, where mistakes may be more numerous, whereas later performance may reflect the employee's performance once he or she has more completely learned about the job.

## CASUAL ATTRIBUTION ERRORS:

The process by which people ascribe to events or behaviours is known as casual attribution. Research has uncovered a number of systematic biases in casual attribution that have important implications for the accuracy of performance appraisals.

Two of these attributional biases are particularly relevant to performance appraisals. The first is the tendency for appraisers to give more extreme appraisals if they believe that the cause of worker's performance is rooted in effort rather than ability (Knowlton & Mitchell, 1980). That is, if an appraiser feels that particularly high levels of performance were the result of great effort on the part of the worker, that worker will receive a more positive performance appraisal than one whose high levels of performance were perceived as resulting from possession of natural ability or talent.

83

The second pertinent bias in casual attributions is called the actor-observer bias (Jones & Nisbett, 1972). This bias is founded in the notion that in any event there is an actor- the person performing a behaviour- and an observer- the person watching and appraising the event and the actor's behaviour. The bias in casual attribution occurs when the actor and the observer are each asked to state he cause of the particular event. In the case of performance appraisal, the event could be particularly successful of unsuccessful work outcome.

The actor- observer bias not only leads to inaccurate perceptions of work performance but is also one of the main reasons that supervisors and supervises do not always see eye to eye when it comes to performance appraisal. Interestingly in one study it was found that actors, but not observers, were aware of the actor-observer bias in specific rating situations, suggesting that workers may realize that supervisors are being biased, but may not be able to make their supervisors aware of it (Ham & Linford, 1996).

### PERSONAL BIASES:

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In addition to the biases and errors that can afflict any appraiser of work performance, the personal biases of any particular appraiser can also distort the accuracy of assessments. The most common appraisal personal biases are those based on the worker's sex, age, race and physical characteristics, including disabilities (Dipboye, 1985). It even has been found that pregnancy may be a source of negative bias in performance appraisals (Halpert, Wilson, Hickman, 1993). It is no secret that women, ethnic minorities, older people and people with disabilities are sometimes discriminated against in performance appraisals, in spite of the legislation specifically designed to ensure fairness. Having a close personal relationship with a supervisee or mere liking for that individual over others, could bias appraisals in a favorable direction (Lefkowitz, 2000).

Certain personal biases may be deeply ingrained in individuals and are therefore difficult to overcome. As with other biases, one way to deal with personal biases is to make appraisers more aware of them.

### CROSS-CULTURAL AND INTERNATIONAL ISSUES:

The individual's focus of performance appraisals, where a single worker is the focus of the evaluation, is, in many ways, a western/ US view of evaluating performance (Fletcher & Perry, 2001). There may also be cultural norms regarding how direct and "blunt" feedback can be (Fletcher & Perry, 2001). Because of personal nature of traditional performance appraisals, it is important that cultural norms and expectations be considered in the development and delivery of a performance appraisal system.

(7)

84

## Human Resource Practises

# REWARD SYSTEM

The accurate assessment of performance is central to the goals of motivating workers to perform at acceptable levels and improving the effectiveness of managerial decision making. One area of decision making that often has profound effects on the motivation of all members of an organization, managers and workers alike, is the distribution of outcomes- pay, benefits, vacations, perks, promotions and other career opportunities, job titles, offices and privileges.

Reward systems are intended to recognize any kind of performance or behavior that is the same as what the company is looking for, or even better. The whole idea of rewarding is to reinforce the behavior or performance.

Maybe somebody does something to make a significant achievement in terms of innovation or creativity. If that is a key success factor, whenever someone achieves it, it is necessary to make sure that they are rewarded for it.

A classic failure of businesses is that they may wait for the year end, the annual performance appraisal or the Christmas party to reward somebody. Good managers will reward somebody immediately, even when no money changes hand. As soon as someone does something that is "right on the mark" and a manager tells them so, they will know that they did the right thing and they will try harder. Likewise if someone is doing the wrong thing, it is best to tell them so in a timely manner.

This is very important. There tends to be major emphasis on things like bonuses and financial rewards. Monetary rewards can however also create problems if they become built into expectations, e.g. bonuses, and thus they are no longer a reward. There are many ways to reward people other than money.

Motivation can be intrinsic or extrinsic. Intrinsic motivation is internal to us. Our reward is the sheer challenge and enjoyment of the task and the satisfaction of seeing it through. People can be intrinsically motivated to climb mountains or to spend hours every day of building their own kitchen extension. However, no matter how much intrinsic motivation a job may offer us we nevertheless always expect some extrinsic motivation from employment. That is we expect external rewards, mostly pay, but also sickness and pension benefits, perhaps a car, expenses and bonuses. Appraisal is closely linked to that topic of motivation in the sense that the future goals which are set may well not be achieved without adequate incentive offered by the organisation.

Rewards and punishments figure strongly in the behaviourist model of human behaviour. To behaviourist motivation is an explanatory concept we use to explain increases and performance, but we never actually observed it. Behaviourists therefore define motivation only in the terms of what it is measurable.

85

## TYPES OF REWARDS

Performance based bonuses - The design of these can get very tricky. If bonuses become regular in the eyes of the employee, they become part of the base salary.

- Evaluation of performance based bonuses

Shares or "phantom" shares - Employee ownership in the company through issuance of shares and/or stock options is becoming common. Tax considerations have to be considered for the employee if they are given shares.

- Evaluation

Promotion/empowerment - With a small business of two or three persons, there is no hierarchical structure within which a person can be promoted. But they can be rewarded through empowerment. As they develop and grow as employees, they can be given more responsibility and perhaps more basic compensation. The empowerment itself will be a reward for good performance. The person will develop self confidence and self esteem. It drives the employee to even further improve performance. Larger organizations are increasingly using empowerment as a motivational tool.

Timely praise/recognition - or timely criticism. To be effective, the reward system must recognize both sources of motivation. All reward systems are based on the assumptions of attracting, retaining and motivating people. Financial rewards are an important component of the reward system, but there are other factors that motivate employees and influence the level of performance. In fact, several studies have found that among employees surveyed, money was not the most important motivator, and in some instances managers have found money to have a demotivating or negative effect on employees.

To ensure the reward system is effective and motivates the desired behaviors, it is essential to consider carefully the rewards and strategies utilized and ensure the rewards are linked to or based on performance. To be effective, any performance measurement system must be tied to compensation or some sort of reward. Rewarding performance should be an ongoing managerial activity, not just an annual pay-linked ritual.

Strategies for rewarding employees' performance and contributions include both non-financial and financial mechanisms. Some of the primary ones are discussed below.

Praise/recognition from supervisors - Praise and recognition from supervisors is consistently found to be among the most important motivators. Employees want to be recognized and feel their contributions are noticed and valued. It is important that supervisors recognize the value and importance of sincerely thanking employees verbally and/or in writing for their specific contributions.



86

Challenging work assignments - Challenging/new work assignments are another mechanism available to supervisors to reward good performance. Such assignments can provide employees opportunities to develop new skills, expand their knowledge, and/or increase their visibility within the organization. They also send an important message that employees' contributions are recognized and valued. In considering such assignments, supervisors should consult employees about the types of assignments that would be most valued, and they should also assess whether workloads will need to be redistributed to ensure employees have adequate time to devote to new tasks.

Professional growth and development opportunities- Supervisors may provide employees opportunities to participate in educational programs or other activities that will expand their skills/knowledge. Employees benefit by developing new skills, and the institution benefits from the additional expertise individuals bring to the job. Nelson notes a recent survey found that 87% of responding workers viewed special training as a positive incentive, and it appeared most meaningful to employees with postgraduate education.

Paid Leave - Supervisors may award employees up to 32 hours of paid leave annually in recognition of meritorious performance.

Salary and benefits are often not very flexible or dynamic motivators. Many companies operate incentive systems in order to increase motivation. Minor (1992) discusses two types of system, merit-pay and bonus. Merit-pay systems award wage increases to better performers, whereas bonus systems award a single cash sum when performance is rated as good. In fact rewards can be cooperative, where the group is rewarded for success, individualistic, based on individual performance irrespective of others, or competitive, where one person receiving a reward entails that others do not, basically a prize system.