IMPLEMENTATION OF A PERFORMANCE MANAGEMENT SYSTEM (PMS)

(Aguinis Herman)
CONCEPT IMPLEMENTATION

- The process of putting a decision or plan into effect or execution
- Carrying out or practice of a plan, a method, or any design, idea, model, specification, standard or policy for doing something.
- Action that must follow any preliminary thinking in order for something to actually happen
- The process of moving an idea from concept to reality
- Specified set of activities designed to put into practice an activity or program of known dimensions
- Activity or program being implemented is described in sufficient detail so that independent observers can detect its presence and strength.

ACTIVE IMPLEMENTATION FRAMEWORKS help define:
- **WHAT** needs to be done (effective interventions),
- **HOW** to establish what needs to be done in practice and
- **WHO** will do the work to accomplish positive outcomes in typical human service settings (effective implementation), and
- **WHERE** effective interventions and effective implementation will thrive (enabling contexts)
PREPARATION

COMMUNICATION

APPEALS PROCESS

TRAINING PROGRAMS

PILOT TESTING
COMMUNICATION PLAN

- What is performance management?
  - General goals and purpose of PMS
- How does PM fit into our strategy?
  - Relationship between PM and strategy
- What is in it for me?
  - Describe benefits of implementing PMS
- How does it work?
  - Detailed description of PM processes and time line (meetings and decisions)
- What are my responsibilities?
  - Information on role and responsibilities of each person involved in each stage of the process
- How is PM related to other initiatives?
  - Information on the relationship between PM and other initiatives and systems (training, promotion and succession planning)
<table>
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<tr>
<th>THREE BIASES THAT AFFECT THE EFFECTIVENESS OF COMMUNICATION PLAN</th>
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<tr>
<td><strong>SELECTIVE EXPOSURE</strong></td>
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<td>- Tendency to <em>expose our minds</em> only to ideas with which we already agree</td>
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<td>- Those who already agree that PM is a good idea will involve in activities – those who do not see it as a good idea might not involve (not reading about PM)</td>
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<td><strong>SELECTIVE PERCEPTION</strong></td>
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<td>- Perceive a piece of information as <em>meaning</em> what we would like to mean even if the information may mean the opposite</td>
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<td>- Someone who believes that PM is about rewards and punishments may incorrectly interpret that you will receive salary increases or a bonus after formal performance feedback</td>
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<tr>
<td><strong>SELECTIVE RETENTION</strong></td>
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<td>- <em>Remember</em> only those pieces of information with which you agree</td>
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<td>- If employee perceive employer as vindictive, the employee is not likely to remember information about how appeals procedure work or about other fair and equitable aspects of the system</td>
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Ways to minimize negative impact of these biases

- Involve employees: Involvement in the design of system. People support what they help create

- Understand employee needs: and identify how these needs can be met

- Strike first: Create positive attitudes towards new PMS before negatives attitudes and rumours are created

- Provide facts and consequences: Explain facts, explain what they mean or what the consequences are

- Put it in writing: Written communication is usually more powerful than spoken communication – create documentation to describe the system

- Use multiple channels of communication: Meetings, e-mails, flyers etc.

- Use credible communicators: people who are trusted and admired in org

- Say it, and then say it again: for people to absorb – repeat frequently
APPEALS PROCESS

- The process provides for following benefits employees:

  - Allows employees to understand that there is a way of resolving disputes should they arise.
  - An employee may disagree with the score given by the supervisor.
  - It allows for further interrogation of the areas of disagreement.
  - A PMS which is supported by appeals process is viewed as fair.
  - Employees can question validity of the system: judgmental issues.
  - Employees can question policy & procedural issues: administrative issues.
  - Such system gains support from the employees.
TYPES OF TRAINING FOR MANAGERS

- Rater Error Training (RET)
- Frame Of Reference Training (FOR)
- Behavioral Observation Training (BO)
- Self-Leadership Training (SL)
RATER ERROR TRAINING (RET)

- PM full of rater errors
- Develop strategies to minimize it
- Increase rating accuracy
- Why errors are made, which specific errors, ways to overcome errors

**Range of possible errors:**
- Similar-to-me errors: attraction (favor those similar to us: attitudes, preferences, personality, race, gender)
- Contrast error: compare individuals with one another instead of predetermined standards
- Leniency error: Assign high ratings to most or all employees (artificial rating inflation to encourage)
- Severity error: assign low ratings to most or all employees (artificial rating deflation to punish)
- Central tendency error: use only the middle point ratings scales and avoid using extremes
- Halo error: High score on one dimension, also high score on other dimensions
- Primacy error: performance evaluation is influenced by information during initial review period

- Recency error: performance evaluation is influenced by information during last review period

- Negativity error: Put more weight on negative issues observed

- First impression error: scores on initial favorable/unfavorable judgement about employee

- Spillover error: scores from previous rating periods unjustly influence current ratings

- Stereotype error: oversimplified view of individuals based on group membership (e.g. women are not good in communication)

- Attribution error: rating is based on employee‘s personality or abilities, ignoring the effect of the environmental features such as poor working conditions.
FRAME OF REFERENCE TRAINING (FOR)

- Raters are trained to focus on specific performance dimensions which are used as basis for assessment (e.g. job descriptions or duties based on dimensions)
- Each dimension is clearly defined and related performance is described as good, average or poor
- Raters are required to provide justification for allocated score.

**SIX steps for a formal Frame of Reference Training programme:**
- Raters are informed to evaluate performance of 3 employees on 3 separate dimensions.
- Raters are instructed to read the Appraisal Form as the trainer reads aloud the definition of each of the dimensions and scale anchors.
- Trainer discusses various employee behaviours that illustrate performance levels.
- Show a videotape of a practice, including behaviours related to performance dimensions being rated, and are asked to evaluate employee performance using scales provided
- Ratings are shared with the rest of the group and discussed. Trainer focusses on identifying behaviours used to determine the ratings.
- Trainer provides feedback to participants – explain why participants should get certain rating on each dimension
BEHAVIORAL OBSERVATION TRAINING (OB)

- Is to minimise unintentional rating errors
- Focuses on how Rater observe, store, recall, and use information about performance
- Improve rates skill at observing performance
- Rater provided with observational aids like diaries/notes to record behaviours
- Evidence-based performance
- Good component of feedback required
SELF-LEADERSHIP TRAINING (SL)

- **Self-awareness**: the first step is for the manager to be aware of himself/herself.

- **Self-management**: Once the manager has become aware of himself, the next step is to be able to manage him/her.

- **Others-awareness**: the next is to endeavour to be aware of who others are.

- **Others-management**: Manager must then know how to manage others.

- It also focusses on: positive beliefs, though patterns, self-direction, self-motivation, confidence, mental imaginary patterns

- It emphasizes the internal sources of behavioural standards and doing things for the intrinsic value

- How do managers visualize their role in performance management system?
Observe and record current beliefs, assumptions, self-talk, mental imagery patterns about performance management guided by critical questions such as: how do managers visualize their role in PMS?

Analyse how functional and constructive these beliefs and mental images are and record the outcomes.

The next step is for you to develop more functional and constructive beliefs, mental images, self-verbalisations about performance management. You can develop images of a happy and well-engaged workforce.

You now make effort to replace the non-constructive beliefs with your new functional beliefs and positive mental images. Putting down on paper the positive images helps to enhance confidence about the system and your ability to effectively manage performance.

Last but not least, monitoring progress is required to enhance the development of a positive picture and the confidence required to manage and assess employees’ performance.
PILOT TESTING A PMS

- Test the version of entire system for adjustments and revisions
- System is implemented in its entirety from beginning to end
- It means meetings, performance data gathered, developmental plans designed, feedbacks provided, feedback on how performance is measured, problems with appraisals
- Difficulties encountered noted
- Select employees with whom the system would be tested
- Adjustments are made through a thorough consultative process with various stakeholders before the actual launch of the system is done.
- Company wide launching of the system is the final process of implementation of a PMS.
- HR Manager have regularly meeting stakeholders and making adjustments accordingly, the organisation can safely launch the system.
- The system can be automated
- Pros and Cons of Automating a PMS must be considered
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<th>No.</th>
<th>Pros</th>
<th>Cons</th>
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<td>1</td>
<td>Can facilitate workflow and substantially reduce paperwork (Pulakos, 2004)</td>
<td>Automated systems can be costly. The software, hardware and backup costs need to be carefully considered before purchase.</td>
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<td>2</td>
<td>Evaluations are viewed more positively as automation reduces subjectivity (Pulakos, 2004)</td>
<td>If not well considered, automated system can end up being a waste of resources as they may not align with other human resources system (Aguinis, 2013)</td>
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<td>3</td>
<td>Decreases workload</td>
<td>Back up services may be a challenge again if not considered prior to setting up the system</td>
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<td>4</td>
<td>Ensure easier and faster access throughout the organisation provided required hardware, software and networks are made available</td>
<td>Security of information can be compromised if no controls are put in pace.</td>
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<td>5</td>
<td>Approach is likely to be more uniform than a manual system (human biases are reduced)</td>
<td>Untrained personnel may find it difficult to operate. Use of system training must be timeously available to all users</td>
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ONGOING MONITORING AND EVALUATION OF PMS

- Number of individuals evaluated (assess number of employees actually participating in the system)
- Distribution of performance ratings (are all or most scores high or low)
- Quality of information from performance assessment
- Quality of follow-up actions (developmental activities)
- Quality of performance discussion meetings (confidential survey can be distributed to employees)

- System satisfaction (assess perceptions of the system user’s (both raters & ratees) through survey)
- Overall cost/benefit ratio or ROI (ask participants the overall worth of the system)

- Unit-level and organisation-level performance (customer satisfaction with specific units and indicators of financial performance level translated in unit-level and organisation-level RESULTS.