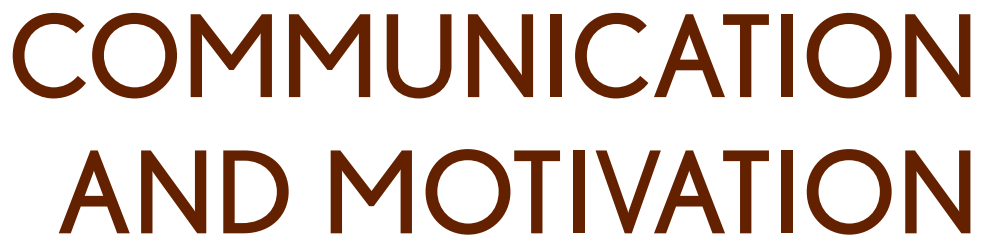




UNIT

4

COMMUNICATION AND MOTIVATION



CHAPTER 12

PERFORMANCE APPRAISALS THAT WORK

Every exchange with your guest must emphasize that you will care for them, attend to their needs and that their business and concerns are valued. All your staff will need to reflect this behavior, understanding that Guest Satisfaction is the only performance yardstick.¹

John Hendrie, CEO, Hospitality Performance, Inc.

CHAPTER OBJECTIVES

After completing this chapter, you will be able to

- Explain the importance of an effective performance appraisal system.
- Identify the uses of performance appraisals.
- Differentiate between informal and formal appraisal systems.
- List rater biases that can distort employee performance appraisals.
- Describe commonly used appraisal methods.
- Discuss the role of employee counseling in the appraisal process.
- Identify key legal concerns regarding performance appraisals.

**HRM IN ACTION**

Conducting employee **performance appraisals** is one of the hospitality manager's most important tasks, but most will admit freely that this process is one that gives them difficulty. It is not easy to sit in judgment of an employee's performance, and it is often even more difficult to convey that judgment to the employee in a constructive and painless manner. Employees often see this process as nothing more than a yearly listing of their shortcomings, and managers who have a distaste for conflict and disagreements often prefer to avoid—or at least delay for as long as possible—the appraisal process altogether. How has such an important management function gotten such a bad rap? The answer can usually be found in poorly designed appraisal instruments, inadequately trained managers and supervisors, and/or a lack of clearly stated performance objectives for the employee.

EVERYONE BENEFITS FROM EFFECTIVE PERFORMANCE APPRAISALS

Conducting a performance appraisal is the process by which hospitality managers and supervisors evaluate an employee's job performance. When an effective performance appraisal system is implemented and properly managed, everyone wins: the employee, the organization's management, and even the operation's guests and customers. Most employees want to do a good job, and they will seek feedback as a guide to future behavior. Performance evaluations help identify the employee's positive accomplishments as well as areas of performance that need improvement. Pointing out an employee's strengths by highlighting past accomplishments boosts employee morale and instills positive self-esteem. When deficiencies are found, the manager can help the employee draft a plan to correct the situation. When management focuses on past accomplishments as well as future goals for improvement, employees are less likely to be defensive, and the process itself is more likely to motivate employees to improve any performance deficiencies.

The hospitality manager benefits from administering performance appraisals to his or her employees because a properly administered employee evaluation system will encourage positive manager/employee relations and will lead to improved employee performance over time. The organization's goals and performance standards are clearly stated, and employees are not left in the dark with respect to their role in their own success as well as in the overall success of the organization. Managers also benefit because detailed and specific employee performance feedback enables them to make informed decisions about pay increases, promotions, bonuses, and other employee-related decisions. Figure 12.1 describes some other uses of performance appraisals.

USES OF PERFORMANCE APPRAISALS

- *Improve performance.* Allows the manager and the employee to agree upon a plan of action for improving performance deficiencies.
- *Pay adjustments.* Allows management to determine who should receive pay raises.
- *Placement decisions.* Promotions and transfers are often based upon past or anticipated performance.
- *Training needs.* Poor performance may indicate the need for additional training. Good performance may indicate untapped potential that should be developed.
- *Career planning.* Feedback guides career decisions and highlights specific career paths that should be investigated.
- *Job design errors.* Poor performance could be a symptom of ill-conceived job designs. Appraisals may help identify these errors.
- *Equal employment opportunity.* Accurate appraisals that reflect true job-related performance ensure that placement decisions are not discriminatory.
- *Feedback to management.* Good or bad performance throughout the organization may be an indicator of how well management is performing.

Figure 12.1 Uses for performance appraisals.

Perhaps the group that benefits most of all when an effective performance appraisal system is in place is the organization's valued guests and customers. When the hospitality manager regularly reminds employees of the organization's commitment to high standards of guest service and of the importance of providing a quality product, employees react with greater commitment, and often exceed the customers' expectations. Satisfied customers are return customers, and their positive word-of-mouth advertising is an important element to the organization's overall success.

INFORMAL AND FORMAL APPRAISALS

When hospitality managers and supervisors provide their employees with daily feedback, this is an example of **informal performance appraisal**. Providing informal appraisals is the continual process of giving employees specific information about how well they are performing their job duties. Informal appraisals are best conducted on a day-to-day basis because the process encourages desirable behavior and it discourages undesirable performance before it becomes ingrained. For example, the front-office manager of a hotel spontaneously mentions that a heavy check-in of arrivals was handled well or poorly, or a restaurant server stops by the dining room manager's office to find out how her wine sales

are faring for the month. Because there is a close connection between the behavior and the feedback, overall employee performance is more likely to improve. In addition, when open and honest informal feedback occurs, there will likely be fewer surprises when the time comes to conduct a more formal evaluation.

Formal performance evaluations should be conducted at least once or twice per year, and they should always be in written form so they are documented. A **formal performance appraisal** serves four major purposes: (1) to let employees know formally how their current performance is being rated, (2) to identify employees who deserve **merit raises**, (3) to identify employees who require additional training, and (4) to identify employees who are candidates for promotion. It is important that hospitality managers and supervisors be able to differentiate between an employee's current performance and his potential performance. Managers sometimes fail to make this distinction when they assume that an employee with the skills and abilities to perform well in one job will automatically perform well in a different or more responsible job. If you have ever seen a coworker promoted to a position in which he cannot perform adequately, this is probably the reason why. It is also important to note that the formal evaluation should not be used by management as an opportunity to sit the employee down and tell him everything that he has been doing wrong for the past year. Remember, when management provides continual, day-to-day feedback, the formal evaluation should be less threatening and there should be no big surprises.

COMMON PERFORMANCE APPRAISAL PROBLEMS

A well-designed performance appraisal system should provide an accurate picture of an employee's typical day-to-day job performance. Appraisals should not simply highlight poor performance; they should also identify acceptable and good performance. In order for the system to work effectively, appraisal criteria should be job-related and practical, have standards, and use dependable measures. Job-related criteria are defined as critical behaviors that constitute an employee's successful job performance. Consider evaluating a restaurant dishwasher on his "outgoing personality" when performing his appraisal. Such criteria doesn't really make sense considering this specific behavior has little effect on a dishwasher's successful job performance. Evaluating the same dishwasher's "attention to detail," however, would be a job-related evaluation and would, therefore, constitute a valid and reliable rating criterion. Performance appraisal methods are practical when both managers and employees easily understand them. A system that is too complicated may cause resentment, confusion, and nonuse.

Whatever performance appraisal method is used, there must be a written record of the standards. Effective hospitality managers should encourage employees to participate in developing performance standards based upon the crit-

TALES FROM THE FIELD

I somehow thought that when I got out of school, 'report cards' would be a thing of the past. Unfortunately, this is not the case. I graduated from culinary school and took a job as a sous chef in a large hotel located in the Southeast. I was supposed to receive my first evaluation after 90 days, but it never came. After about a year and two months, I was due for a raise, so I asked my chef about conducting my annual evaluation. I could tell right away that he wasn't very interested in doing this, but he probably felt that he had no choice since it was company policy. On the day that we were scheduled to meet, I got that same feeling in the pit of my stomach as I did when it came time for my old college to mail out my report card. I thought I deserved a good evaluation from my chef, but I still had that moment of doubt. My evaluation was somewhere between "low" and "average," and I couldn't believe my eyes as I looked at all the '2s' and '3s' he'd given me. I know I'm not perfect, but he didn't even offer me any advice or instruction on how to improve things. He also didn't offer me much of a raise either, and this was after I'd literally worked my tail off for the past year. I thought this over and when I calmed down, I spoke to human resources. They suggested I document my achievements over the past year and to come in to their office for a meeting, so I did. After about an hour of hearing my side of things, they increased the amount of the raise that the chef had offered and they assured me that chef would get more training on how to do employee evaluations.

Kelly, 32, Birmingham, Alabama

ical elements of the jobs to be appraised. Information about performance standards is typically gathered by conducting a job analysis, which was discussed in Chapter 11. It is important to note that standards should not be set arbitrarily by the hospitality manager or supervisor. Rather, the process should be a participative one, in which employees help to shape the performance standards for their positions. If this approach is taken, employee buy-in is more likely. Employees should also be advised of these established standards before the evaluation occurs, not afterward. Imagine reporting to the first day of class and your teacher hands you the textbook and says, "See you at the end of the semester when you will take your final exam." Not providing students with a syllabus or grading criteria is tantamount to providing no performance standards. Most students would be fearful of this scenario, and for good reason, because there is no clear direction or list of objectives provided!

A performance appraisal system that incorporates dependable measures is one that would allow others using the same measures and standards to reach the same conclusions about performance.² This is most easily accomplished when

rating criteria are objective, or measurable. For example, two housekeeping supervisors who monitor a room attendant's daily performance utilizing **objective performance standards** would rate performance based on criteria like the number of rooms cleaned in a given amount of time and the level of quality of their cleaning standards. The results are objective and verifiable, and as a result, each supervisor would likely come to the same conclusion concerning the room attendant's performance rating. **Subjective performance standards** are based on the personal standards or opinions of those who are doing the evaluation and are generally not verifiable by others. For example, judging a hotel switchboard operator's performance on subjective criteria such as "politeness" and "courtesy" would lead to an inaccurate evaluation because most people have differing opinions about what defines "politeness" or "courtesy," and these differing opinions may lead to confrontations during the appraisal conference. Such standards tend to be inaccurate and should be avoided when identifying standards for performance assessment, if at all possible.

UNDERSTANDING RATER BIASES

Perhaps one of the biggest problems associated with subjective performance standards is the opportunity for rater **bias**. Rater bias occurs when supervisors and managers fail to remain emotionally detached while they evaluate employee performance. When bias occurs, an employee's performance evaluation will be inaccurate and distorted. The most common rater biases include the following:

- The halo-or-horns effect
- The error of central tendency
- The leniency and strictness biases
- Cross-cultural biases
- Personal prejudice
- The recency effect
- Similar-to-me bias

The Halo-or-Horns Effect

The **halo-or-horns effect** occurs when the supervisor's personal opinion of the employee sways her measurement of his performance. When you like an employee, you may favor that individual in such a way that your personal opinion distorts your evaluation of the employee's performance (halo effect). Or, you may dislike an employee and allow your negativity toward the employee to interfere with your rating of her performance (horns effect). This bias tends to represent all-or-nothing thinking and is most severe when supervisors evaluate personality traits instead of behaviors.

The Error of Central Tendency Some supervisors prefer to avoid extremes when evaluating their staff, so employee evaluations are distorted to make each employee appear average. On some rating forms, evaluators may avoid checking *very poor* or *excellent*, opting instead to place their marks somewhere near the center of the rating scale. This sort of bias is known as the **error of central tendency**. Managers sometimes make this mistake because they believe that it will allow them to avoid confrontation with the employee being evaluated. This approach is unfair to the employee because it fails to honestly point out areas of performance that either need improvement or exceed expectations.

The Leniency and Strictness Biases These biases occur when raters tend to be either too lenient or too strict in their evaluations, relative to employees' true or actual performance. The **leniency bias** occurs when raters tend to be easy in evaluating employee performance. Such managers see all employee performance as good and rate it favorably. This sometimes occurs because the rater wants the employee to view him in a positive light, but it is counterproductive. And, usually, the only one being fooled is the rater, not the employee. With the **strictness bias**, the opposite is true. This occurs when raters are too harsh in their employee evaluations. Sometimes these supervisors want their employees to see them as "tough" and "demanding." Both of these biases tend to occur more frequently when performance standards are vague and subjective, rather than objective and measurable.

Cross-Cultural Biases Our culture tends to drive our perceptions of human behavior. When managers are expected to evaluate individuals from different cultures, they may apply their own cultural expectations to someone who has a different set of beliefs. With constantly increasing levels of cultural diversity among hospitality industry employees, this potential bias is more likely to occur. Managers can prevent this type of bias from occurring by becoming well informed about the cultural differences represented in the organization's workplace. Once the manager is aware, it is easier to recognize this bias and to prevent it.

Personal Prejudice When supervisors form general opinions about certain groups, this may distort the ratings that those people receive. Sometimes, male supervisors give undeservedly low ratings to women who hold traditionally male jobs. When supervisors and managers are unaware of their prejudices, this makes such biases even more difficult to overcome. Each employee should be regarded as an individual, not just a member of a group.

The Recency Effect The **recency effect** occurs when an employee's recent actions—either good or bad—distort her overall performance evaluation. Managers tend to recall recent actions more easily and, therefore, place greater importance on job behaviors that occur as the end of the performance-measuring period approaches. This can be overcome when management keeps good notes on employee performance and behavior throughout the appraisal period and then refers to those notes when completing the evaluation.

Similar-to-Me Bias This type of rater bias occurs when the evaluator judges those employees who hold the same values and judgments as the evaluator as “superior”. This error sends the message that those who emulate the boss will receive a favorable evaluation, and those who do not will be disregarded.

OVERCOMING OBSTACLES AND REDUCING ERRORS

Because most of the biases previously mentioned occur when subjective performance measures are used, it is best to avoid measurement criteria that are subjective in an effort to reduce such errors. Remember to evaluate employee performance against objective, measurable performance standards whenever possible. Training supervisors to make sound performance evaluations, providing feedback, and selecting the proper performance appraisal methods are also crucial to ensuring effective employee evaluations. When training supervisors and managers to conduct employee performance appraisals, it is important to alert them to the potential for biases to occur and to help them learn how to avoid these errors. Some managers are not even aware that such biases exist and are, therefore, more easily susceptible to them. In addition, managers and supervisors must understand the importance of impartiality and objectivity as they evaluate their employees' performance.

PERFORMANCE APPRAISAL METHODS

There are many methods used to evaluate employee performance. Most of these methods take a past-oriented approach, meaning that they focus on performance that has already occurred and that can, to some degree, be measured. While it is true that past performance cannot be changed, providing the employee with specific feedback and an action plan for improving performance going forward may lead to renewed efforts of improvement on the employee's

ethical dilemma

Sue has just taken a job as a restaurant executive chef in a small regional chain. She is responsible for conducting annual employee performance appraisals for her entire kitchen staff. The restaurant chain has quotas for ratings: Employees are rated on a scale from 1 to 10, but there can only be a certain number of 10s, 9s, and so forth. When Sue presents her finished appraisals to the regional manager for review and approval, he asks her to change the ratings of one of her best employees from a 9 to a 7 because there are too many 9s. Sue argues against it, but the regional manager insists that she make the change. Sue knows that this hard-working employee will be devastated, and she does not agree with the regional manager's decision, but she is given no choice. When Sue conducts the evaluation interview, she is tempted to tell the employee what happened. Would Sue be violating any of the *10 Ethical Principles for Hospitality Managers* if she tells the employee what happened? If so, which rule(s)? Would she violate any of the 10 principles if she does not tell the employee what happened? If so, which ones? Aside from changing corporate policy with respect to the quota system, could this dilemma have been avoided? How? If not, why not?

part. The most effective approach to performance appraisals must identify performance-related standards, measure those criteria, and then provide useful feedback to both employees and management. The goal, of course, is to improve employee performance. Since every hospitality operation is different, no single appraisal technique is a one-size-fits-all solution. The most widely used appraisal techniques include the following:

- Rating scales
- Checklists
- Forced choice method
- Critical incident method
- Behaviorally anchored rating scales
- Self-appraisals
- Management by objectives method

Rating Scales You may be familiar with this form of employee evaluation, because rating scales tend to be widely used in the hospitality industry and have been around for many years. The **rating scale** method requires the supervisor to provide a subjective evaluation of an employee's performance based on a scale of low to

Instructions: For the following performance factors, please indicate on the rating scale your evaluation of the named employee.

Employee: _____ Department: _____

Supervisor: _____ Date: _____

	Excellent 5	Good 4	Acceptable 3	Fair 2	Poor 1
1. Dependability	_____	_____	_____	_____	_____
2. Attitude	_____	_____	_____	_____	_____
3. Cooperation	_____	_____	_____	_____	_____
4. Attendance	_____	_____	_____	_____	_____
5. Quality of work	_____	_____	_____	_____	_____
<i>Results</i>	_____	_____	_____	_____	_____
<i>Totals</i>	_____ +	_____ +	_____ +	_____ +	_____
<i>Total Score =</i> _____					
Signature of supervisor: _____					
Signature of employee: _____					

Figure 12.2 Sample rating scale employee evaluation form.

high, or poor to excellent. An example of a rating scale performance evaluation is provided in Figure 12.2.

As you can see, rating scales tend to be subjective in nature and the supervisor’s ratings tend to be based more on personal opinion than on objective, measurable criteria. Some organizations that use such scales might total the points obtained, and then use this information to determine salary increases and promo-

tions. The rating scale form can be relatively easy to design, and supervisors need little training or time to complete the form. Keep in mind, there are numerous disadvantages for using this method. Because the form is subjective in nature, rater biases are more likely to be reflected in the employee ratings. Also, because these forms are often used for a variety of jobs and positions, some of the rating criteria that are specific to one position may have little bearing on another.

Checklists The checklist method provides a list of behavioral descriptions and requires the supervisor to check off behaviors that apply to the employee. When management assigns weights to different items on the checklist, according to each item's importance, the result is called a **weighted checklist**. The weights allow the rating to be quantified so that total scores can be determined. Figure 12.3 illustrates a portion of a weighted checklist.

<i>Instructions: Check each of the following items that apply to the named employee's performance.</i>		
Employee: _____ Department: _____		
Supervisor: _____ Date: _____		
Weights		Check Here
(7.5)	1. Employee keeps work area neat and clean.	_____
(5.0)	2. Employee works overtime when asked.	_____
(4.0)	3. Employee cooperates and assists others when needed.	_____
(3.5)	4. Employee secures work area when finished.	_____
<i>Total of all weights:</i>		_____
Supervisor signature: _____		
Employee signature: _____		

Figure 12.3 Sample weighted checklist employee evaluation form.

The weights for each item are in parentheses but are usually omitted from the form the supervisor uses. This method is somewhat practical and standardized, but using such general statements reduces the form’s job relatedness and does not allow for different levels of performance as a rating scale evaluation does. Another drawback occurs when a hospitality organization has a large number of job categories and, therefore, checklist items must be developed for each category. Other disadvantages include rater biases and the use of personality criteria instead of performance criteria.

Forced Choice Method The **forced choice method** uses a scale or continuum that best describes the employee, using performance factors such as job knowledge, work quality and quantity, attendance, and initiative. This method requires the supervisor to select the one best statement that most accurately describes how the employee performs the job tasks that are considered most important for successful job performance. This method is sometimes called an **adjective rating scale**. Figure 12.4 shows a sample forced choice form.

<i>Forced Choice Performance Evaluation Form</i>	Employee: _____ Department: _____				
	Supervisor: _____ Date: _____				
<i>Performance Factors</i>	<i>Performance Rating</i>				
	Low	Below Average	Average	Above Average	High
Understands department functions	Poorly informed about depart- ment functions	Has fair knowledge of the department functions	Can answer most questions about the department	Understands all phases of the department.	Has complete mastery of all phases of the department.
Follows directions and company policy without supervision	Requires constant supervision	Requires occasional follow-up	Can usually be counted on	Requires very little supervision	Requires absolute minimum supervision
Accuracy, skill, completeness, and quality of work performed	Seldom meets the requirements and is almost always unsatisfactory	Work is often unsatisfactory and often does not meet requirements	Work is consistently satisfactory and usually meets requirements	Work is sometimes superior and rarely contains mistakes	Work is consistently superior and never contains mistakes

Figure 12.4 Sample forced choice or adjective rating scale evaluation form.

Employee: _____ Department: _____	
Supervisor: _____ Date: _____	
Evaluation period: _____ to: _____	
Control Safety Hazards in Kitchen DATE: Positive Employee Behavior	Control Safety Hazards in Kitchen DATE: Negative Employee Behavior
10/12: Employee reported a broken rung on the kitchen utility ladder and flagged the ladder as unsafe. 10/15: Employee put out small trash can fire promptly.	11/3: Employee used kitchen grease mop to clean main dining room floor. 11/24: Employee was caught smoking a cigarette in the kitchen.
Protects Company Assets DATE: Positive Employee Behavior	Protects Company Assets DATE: Negative Employee Behavior
10/3: Sorted through damaged shipment of glassware to salvage usable wine glasses.	11/3: Used hotel guest room bath towel to clean kitchen countertops, resulting in ruined towel. 11/19: Left empty sauté pan on range and ruined pan.

Figure 12.5 Sample critical incidents employee evaluation form.

Critical Incidents Method

The **critical incidents method** of employee performance evaluation focuses the manager's attention on employee behaviors that play a key role in executing a job effectively or ineffectively. This approach requires supervisors to maintain a log or a diary in which they write down examples of incidents that exhibit both acceptable and unacceptable job performance. A sample form is shown in Figure 12.5.

It is important that the supervisor records these critical incidents during the entire evaluation period for each employee. This method is extremely useful in that it gives employees specific job-related feedback. It also reduces recency bias if supervisors faithfully record incidents throughout the rating period. However, this particular system is time-consuming, and if supervisors fail to keep the diaries up-to-date, the critical incidents method of evaluation becomes ineffective.

When properly utilized, this method provides supervisors with a detailed list of behaviors that they can discuss with employees, explaining which behaviors are desirable and which require improvement on the employee's part. However, this method, when improperly utilized, ignores a large number of behaviors that tend to fall somewhere between the extremes of poor and excellent.

**Photo 12.1**

The critical incidents approach to performance evaluation requires the supervisor to keep a diary of positive and negative behaviors exhibited by each employee.

Behaviorally Anchored Rating Scales

Behaviorally anchored rating scales, sometimes referred to as **BARS**, is an evaluation approach that combines elements from both the forced choice and critical incidents methods of evaluating employee performance. When using the BARS method, supervisors rate their employees along a continuum just as they do with the forced choice and critical incidents methods, but they use specific, named behaviors as benchmarks, rather than general descriptions or traits. Figure 12.6 provides an example of a BARS for a hotel manager being rated on achieving hotel sales goals as a result of teamwork and collaboration. Note that in this example, specific job behaviors are listed. Keep in mind also that Figure 12.6 represents one page of what would most likely be a multiple page form, with each separate page representing a different behavioral dimension.

Another form of a BARS is a **behavioral frequency scale**. Rather than rating specific, named behaviors, this form requires the supervisor to indicate the frequency of the identified behavioral anchors, usually along a five-point scale from “almost never” to “almost always.” Figure 12.7 illustrates an example of a behavioral frequency scale for a restaurant manager being rated on the ability to supervise staff.

BARS are somewhat complex to develop and administer because they address specific, job-related behaviors. Their validity tends to be superior to methods that are based on subjective personality traits, but because they must be created for each job, they can be costly to develop and maintain, especially for larger hospitality operations with an array of jobs.

Employee: _____ Department: _____

Supervisor: _____ Date: _____

Performance Category: Uses Collaborative Methods in Meeting Hotel Sales Goals

Rating	Behavior Anchor
5 [] Very Good	Develops workable plans for collaboration, including timelines and budgets; and works regularly with department heads to achieve goals; and gives credit to others for their contributions and provides supportive written materials of their work; and always follows up on agreements.
4 [] Good	Plans for collaboration usually carried out, helps all members of the team make meaningful contributions, and experiences some difficulties in full collaboration among identified team members.
3 [] Below Average	Has a plan for collaboration but experiences delays and frustrations with the nature of collaboration.
2 [] Poor	Has no effective plan for collaboration but expresses interest.
1 [] Unacceptable	Shows no interest in working with others. Does not seek direction on how to improve.

Figure 12.6 Sample BARS employee evaluation form.

Employee: _____ Department: _____

Supervisor: _____ Date: _____

Behavioral Anchor: Dining Room Staff Supervision

Behavior	Frequency			
	Always	Frequently	Occasionally	Seldom
Engages in synergistic relationships between supervisor and staff members				
Is actively involved with and constantly nurtures staff members				
Focuses on restaurant and individual needs				
Provides a stable and supportive learning and working environment				

Figure 12.7 Sample behavioral frequency scale employee evaluation form.

Self-Appraisals **Self-appraisals** tend to be an effective method of performance evaluation when the goal is to further self-development. This system works well when evaluating supervisors and managers. When employees evaluate themselves, defensive behavior is less likely to occur and there is a motive for self-improvement. There is always the risk that the employee will either be too lenient or critical when evaluating her own performance, but if used properly, this method can be effective and can help employees set personal and professional goals for the future. The employee's involvement and commitment to the improvement process is critical for this method to be truly effective.

The **management by objective approach** to performance appraisal is often referred to simply as **MBO**. This approach requires the supervisor to be directly involved in determining performance standards for his employees. Ideally, the supervisor and the employee should jointly review the employee's job responsibilities, identify the processes and results needed, and then determine performance standards that will define how well the results are accomplished. In the best-case scenario, these goals are mutually agreed upon and objectively measurable. If both of these conditions are met, the employees are apt to be more motivated to achieve their goals, because they have actively participated in setting them. When assisting employees with goal setting, management should remember that four to six goals per rating period are usually sufficient, and the goals should be changed or adjusted as needed during subsequent evaluations.

One drawback to MBO is that objectives are sometimes either too ambitious or too narrow. This may result in frustration for employees or overlooked areas of performance. The MBO method of performance appraisal tends to be most effective when applied to supervisors and managers.

360-DEGREE PERFORMANCE APPRAISAL

A **360-degree performance appraisal** is a relatively new evaluation method that provides each employee the opportunity to receive performance feedback from his supervisor, three to four coworkers, and even customers. Most 360-degree performance appraisals are also responded to by the individual employee being evaluated in the form of a self-assessment. These types of appraisals are a powerful developmental method and quite different from traditional manager-employee appraisals. As such, a 360-degree process does not replace the traditional one-to-one process—it augments it and can be used as a stand-alone development method. One reason that this method has gained in popularity is that when used properly, it tends to reduce the instances of rater bias. In other words, as the number of evaluators increases, so does the probability of attaining more accurate information.

EVALUATION INTERVIEWS AND EMPLOYEE COUNSELING



Photo 12.2

It is the manager's responsibility to conduct employee evaluations in person with each employee individually in a private area free from interruptions.

An **evaluation interview** occurs when the supervisor and the employee meet one-on-one to discuss the formal employee performance appraisal. The goal is to give the employee feedback about past performance and to devise an action plan when certain elements of job performance require improvement. Because employee evaluations are such a critical activity of effective hospitality management, the supervisor or manager must be prepared. Such preparation might include reviewing the employee's previous appraisals, identifying specific behaviors to be reinforced during the interview, and planning methods for providing feedback.

A manager's approach to providing feedback may differ depending upon the situation. One study identifies three effective approaches: **tell-and-sell**, **tell-and-listen**, and **problem solving**.³ The tell-and-sell approach reviews the employee's performance and tries to convince the employee to perform better. It is most effective with new employees. The tell-and-listen

method provides an opportunity for the employee to defend himself by providing explanations and/or excuses for a particular performance. The tell-and-listen method attempts to overcome the employee's defensive reactions by counseling him on how to perform better. The problem-solving approach identifies problems that might be interfering with the quality of an employee's performance. Sometimes such problems are outside of the employee's control and can best be addressed through additional training, coaching, or counseling.

The most effective performance review sessions create good employee-employer relations by ensuring that the interview is done in a positive way so as to ensure performance improvement. When managers stress the positive aspects of employee performance, the manager is giving the employee renewed confidence in her ability to perform satisfactorily. This positive aspect also allows the employee to keep desirable and undesirable performance issues in perspective because it prevents the employee from feeling that performance review sessions are entirely negative. Figure 12.8 provides additional guidelines for conducting effective performance evaluation interviews.

The review session should end with a mutual determination of the actions an employee should take to improve areas of poor performance going forward. During this concluding discussion, the supervisor usually offers to provide whatever assistance the employee may need to overcome the deficiencies discussed.

GUIDELINES FOR CONDUCTING EFFECTIVE PERFORMANCE APPRAISAL INTERVIEWS

1. Focus on positive aspects of employee performance.
2. Make sure the employee understands that the purpose of the interview is to improve performance, not to discipline.
3. Conduct a formal review at least annually and more frequently for new employees or those who are performing poorly.
4. Conduct the interview in private with minimum interruptions.
5. Be sure that criticisms are specific and nonpersonal; not vague and personal.
6. Focus on performance, not on personality characteristics.
7. Remain calm and do not argue with the employee being evaluated.
8. Assist the employee in identifying specific actions that he or she can take to improve performance.
9. Emphasize your own willingness to assist the employee's efforts.
10. End the interview by stressing positive aspects of the employee's performance.

Figure 12.8 Guidelines for conducting effective performance appraisal interviews.

LEGAL CONSTRAINTS IN PERFORMANCE APPRAISALS

Performance appraisals must be free from discrimination. The appraisal criteria, methods, and documentation must be designed to ensure that they are all job-related. Otherwise, there is a possibility that an employee may challenge decisions made by management based upon a flawed appraisal system in court because these decisions violate **equal employment** or other laws. Several lawsuits have arisen because managers and supervisors have said or done something that has adversely affected their employees. One of the more common lawsuits occurs when an employee who has consistently received favorable performance evaluations is suddenly fired for “poor performance.” Managers make this sort of mistake when they go looking for a reason to let an employee go in an effort to scale down the staff, or for some other reason. If an employee's job performance is, in fact, substandard, then management should document that fact. This will protect the organization if a terminated employee later sues for **wrongful termination**.

SUMMARY

- Conducting employee performance appraisals is the process of evaluating an employee's job performance. In order for this process to be effective, it is important that the process be properly implemented and managed.
- Many hospitality managers and supervisors readily admit that conducting employee performance appraisals is difficult because it is difficult to judge an employee's performance in a constructive and painless manner.

- Performance evaluations may be either formal or informal, and they should identify the employee's positive accomplishments as well as pinpoint areas that need improvement.
- Managers, employees, and guests benefit when the operation conducts effective appraisals of its employees' job performance.
- Informal evaluations are conducted on a day-to-day basis, and formal evaluations are presented in writing so they are documented and are normally conducted once or twice per year.
- Performance appraisal systems are often flawed due to inadequate training of managers and supervisors and included forms that use language that is not job related, or if the organization uses a one-size-fits-all format that is not effective in evaluating employee performance in all jobs.
- Bias occurs when managers and supervisors fail to remain emotionally detached while they evaluate employee performance. Types of biases include the halo-or-horns effect, the error of central tendency, the leniency and strictness bias, cross-cultural biases, personal prejudice, and the recency effect.
- Various methods or forms exist for conducting formal employee performance appraisals, and each has its own advantages and disadvantages. Examples of the various methods commonly used in the hospitality industry include rating scales, weighted checklists, the forced choice method, critical incident method, behaviorally anchored rating scales (BARS), self-appraisals, and management by objectives (MBO).
- When conducting an annual or semiannual performance appraisal, the supervisor schedules an evaluation interview in which she meets one-on-one with the employee being evaluated to discuss past performance and to devise an action plan to improve areas of job performance that are deficient.
- Supervisors may take different approaches to conducting the evaluation interview; some approaches include tell-and-sell, tell-and-listen, and the problem-solving approach.
- The most effective review sessions create positive employee-employer relations by ensuring that the interview is done in a positive way to encourage improved performance.
- Performance appraisal systems and forms may not discriminate in any way so as not to violate equal employment laws or other laws.

**PRACTICE
QUIZ**

1. Formal employee performance appraisals are normally conducted once or twice per year.
A. True B. False
2. Using subjective performance standards is best when designing a rating scale performance appraisal form.
A. True B. False

3. Managers and employees benefit from a well-designed and implemented employee appraisal system, but guests and customers will generally see no impact at all.
A. True B. False
4. Informal employee appraisals should occur on a daily basis, but management should only discuss an employee's poor job performance during an annual or semiannual employee performance appraisal.
A. True B. False
5. Even when employee performance appraisals are improperly handled, employees are rarely allowed to sue the employer for wrongful termination.
A. True B. False
6. In order for an employee performance appraisal system to work effectively, which of the following appraisal criteria should not be present?
A. Criteria should be job related.
B. Criteria should be as subjective as possible.
C. Criteria should be practical.
D. Criteria should have standards.
7. Rating criteria such as "politeness" and "courtesy" are examples of:
A. Objective performance standards
B. Behaviorally anchored performance standards
C. Subjective performance standards
D. Rating scale performance standards
8. Supervisors who tend to avoid extremes such as "excellent" and "poor" when rating an employee's performance might be exhibiting which type of rater bias?
A. Halo and leniency bias
B. Strictness and horns bias
C. Error of central tendency bias
D. Recency effect bias
9. Keeping a diary or a log in which the supervisor notes examples of an employee's positive as well as negative job performance is an example of which type of appraisal method?
A. Behaviorally anchored frequency scale
B. Weighted checklist
C. Forced choice method
D. Critical incidents method

10. When conducting an evaluation interview with a new employee who needs to improve his or her job performance in a number of areas, the best approach would be which of the following:
- A. Tell-and-listen approach
 - B. Tell-and-sell approach
 - C. Tell-show-do-review approach
 - D. Problem-solving approach

REVIEW QUESTIONS

1. Develop five or six performance standards for a line-level, hourly position in a typical lodging or restaurant operation. Using the BARS method, create a form with a 1 through 5 continuum (1 is poor, 5 is excellent, and so forth, and identify specific behaviors that represent poor, average, excellent, and so forth. Be prepared to share your work with the rest of the class.
2. Cross-cultural biases occur when managers are required to evaluate employees from different cultural backgrounds other than their own. For example, in many Eastern cultures, the elderly are treated with greater respect and are held in higher esteem than in many Western cultures. If a young supervisor is asked to rate an older employee, this cultural value of “respect and esteem” could bias the rating. Likewise, in some Arabic cultures, women are expected to play a very subservient role, especially in public. Assertive women may receive biased ratings because of these cross-cultural differences. Do your own research and find three or four different examples of how this potential source of bias might present itself in today’s culturally diverse hospitality industry. Be prepared to share your findings with the rest of the class.
3. Why must hospitality supervisors and managers be able to differentiate between an employee’s current performance and his or her potential performance? Provide examples from your own experience in which managers have handled this task well and poorly.
4. Give examples of both objective and subjective performance standards for a typical hourly position in a hospitality business. What are the primary reasons for determining standards objectively? Explain in detail.
5. How does a properly administered employee performance appraisal system foster positive employee-employer relations? How can the appraisal system create the opposite effect and foster negative relations? Be specific and explain your answer in detail.

HANDS-ON HRM

Leslie Wilcox is the general manager of a restaurant that belongs to a large, national chain. Unit managers are required to conduct a performance appraisal on every employee during the month of March, in time to recommend employee pay raises that are awarded at the end of the restaurant’s fiscal year in May. Leslie and her district manager, Nate Harper, will dis-

cuss each employee's review, and then, Leslie will be required to sit down with each employee, individually, to go over his employee performance appraisal. Leslie is expected to have these one-on-one appraisal feedback meetings in April. The goal of these meetings is to provide each employee with specific feedback about performance and to also address areas of performance that need improvement.

All employees at the unit level are evaluated using a standard form required by the national chain. The form includes the following evaluation criteria: skills and job knowledge; quality and quantity of work; neatness and punctuality; adhering to company rules and procedures; attitude, teamwork, and cooperation with coworkers; and initiative and resourcefulness.

Leslie does not really care for this aspect of her job in management because she dislikes the confrontation that sometimes occurs when an employee disagrees with the evaluation. Also, she feels it is hard to be objective. After last year's evaluations, the district manager questioned Leslie and said, "Your restaurant gets a lot of average to mediocre customer comment cards each year, yet you rate each employee very high in practically every area when you evaluate them. We may need to take a look at your evaluation process." Leslie knows that she needs to do a better job of evaluating her employees or her own job could be on the line.

QUESTIONS

1. What could Leslie do to change the performance appraisal system in her restaurant in order to make it more effective? How could the employees benefit if changes are made?
2. What problems might Leslie encounter if she does decide to change the methods and rating system she uses when evaluating her employees?
3. Are the employees benefiting or not benefiting from the system that is currently in place? Please explain your answer and give specific reasons for your opinion.
4. Are there any legal issues that may present a problem for the restaurant based on the current system? Please explain in detail.

KEY TERMS

Performance appraisal A process used to evaluate an employee's job performance.

Informal performance appraisal The process of giving employees day-to-day, specific verbal feedback on how well they are performing their job duties.

Formal performance appraisal A formalized, written approach to providing employees specific feedback on how well they are performing their job duties. The process normally occurs once or twice per year.

Merit raise An increase in salary given to an employee who has met or exceeded expectations.

Objective performance standards Job performance standards that are concrete, observable, verifiable, and measurable.

Subjective performance standards Job performance standards that are vague and that are not objective; they are usually based on opinions rather than facts and are not verifiable by others.

Bias A failure to remain impartial, which prevents objective consideration of an issue or an event.

Halo-or-horns effect A type of rater bias that occurs when the rater allows a positive attribute (halo) or a negative attribute (horns) to cloud the objectivity of the overall employee performance appraisal.

Error of central tendency A type of rater bias that occurs when the rater avoids extremeness such as excellent or poor, preferring to rate an employee's performance more toward the middle of the rating scale.

Leniency bias This bias occurs when the rater is not as critical of the employee.

Strictness bias This bias occurs when the rater is too critical of the employee.

Recency effect A type of rater bias that occurs when the rater allows a recent event—either negative or positive—to cloud the overall objectivity of the employee performance appraisal.

Rating scale A form or method used to conduct a formal performance evaluation; the rater normally rates the employee's performance on a scale of 1 to 5, with 1 being poor and 5 being excellent.

Weighted checklist A form or method used to conduct a formal performance evaluation in which the rater is required to check off behaviors that apply to the employee being evaluated.

Forced choice method A form or method used to conduct a formal performance evaluation in which the rater is required to select a statement or words that most accurately describe an employee's job performance. May be used interchangeably with adjective rating scale.

Adjective rating scale *See* forced choice.

Critical incidents method A form or method used to conduct a formal performance evaluation in which the rater is required to maintain a log of positive and negative employee performance.

Behaviorally anchored rating scales (BARS) A form or method used to conduct a formal performance evaluation in which the rater is required to rate the employee along a continuum using specifically determined job behaviors.

Behavioral frequency scale A form or method used to conduct a formal performance evaluation in which the rater is required to rate the frequency of identified job behaviors.

Self-appraisal A form or method used to conduct a formal performance appraisal in which the employee evaluates his or her own job performance in writing.

Management by objective (MBO) A form or method used to conduct a formal performance appraisal where the supervisor and the employee jointly review the job responsibilities, identify the processes and results needed, and then determine performance standards that will define how well the results are accomplished.

360-degree performance appraisal A performance appraisal method in which an employee's performance feedback is provided by the supervisor, coworkers, customers, and even employees—in the form of a self-evaluation.

Evaluation interview When the supervisor and the employee meet one-on-one to discuss the employee's formal performance appraisal.

Tell-and-sell An approach to conducting an evaluation interview in which the supervisor reviews the employee's performance appraisal and attempts to convince the employee to do better.

Tell-and-listen An approach to conducting an evaluation interview in which the supervisor reviews the employee's performance appraisal but allows the employee to provide explanations and defend his or her performance.

Problem solving An approach to conducting an evaluation interview in which the supervisor reviews the employee's performance appraisal, identifies problems that might be interfering with employee performance, and then assists the employee in devising an action plan to improve performance.

Equal employment laws Federal, state, and local laws that prohibit job discrimination based on factors such as age, race, sex, religion, national origin, marital or pregnancy status, or sexual orientation.

Wrongful termination A type of lawsuit that occurs when an employee is discharged without a proven cause; the employee has the right to sue the employer for damages such as loss of wage and fringe benefits, and, under certain circumstances, for punitive damages.

NOTES

1. John Hendrie, "Remarkable Hospitality: The Road Map to Excellence," *Restaurant Report*, www.restaurantreport.com.
2. William B. Werther, Jr., and Keith Davis, *Human Resources and Personnel Management*, 4th ed. (New York: McGraw-Hill, Inc., 1993), 341.
3. Norman R. F. Maier, *The Appraisal Interview: Three Basic Approaches*. (La Jolla, CA: University Associates, 1976).