

# 8

## Performance management and performance appraisal

### Chapter objectives

This chapter discusses performance management and performance appraisal. Specifically, the aims of the chapter are:

- To appreciate the difference between performance management and performance appraisal.
- To consider challenges facing tourism and hospitality managers in operationalizing performance appraisal schemes.
- To explore the differences between evaluative and developmental aspects of performance appraisal.
- To recognize the range of skills required by tourism and hospitality managers to successfully conduct performance appraisals.



## Introduction

In considering the nature of performance management and performance appraisal we firstly need to appreciate how these two aspects are related but equally should not be seen synonymously. In fairly simple terms performance management can be seen as a holistic process which aims to bring together a number of aspects, including appraisal. Thus, performance management may be thought of as being more strategic in its intent to achieve high levels of organizational performance. By contrast, performance appraisal is best seen as being more operationally focused, with a focus on individual employees short- to medium-term performance and development (CIPD, 2005a). Consequently, to fully contextualize the notion of performance appraisal it is important to locate it within wider issues concerned with performance management systems (PMS) which may have an organizational, team or individual focus. Armstrong (2001: 469) suggests that performance management has a number of aims:

Performance management is about getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standards and competing requirements. It is a process for establishing shared understanding about what is to be achieved, and an approach to managing and developing people in a way which increases the probability that it will be achieved in the short and long term. It is owned and driven by management.

Clearly, then, organizations are always seeking improvements in their performance and these can be sustained by either development-type initiatives or more evaluative or even punitive measures, potentially encompassing aspects of discipline. In that sense performance management and performance appraisal can arguably be seen to again reflect to some degree the notions of 'hard' and 'soft' HRM. For example, the harder approaches would point to the need for organizations and managers to seek control over their employees; on the other hand softer approaches would point to the role of PMS in establishing greater commitment and developing careers. Recognizing the above discussion this chapter will aim to consider the question of what options are open to an organization seeking to improve the performance of its employees.

## The nature of performance management and performance appraisal

Recent research undertaken by the CIPD provides a snapshot of a number of features of performance management, as outlined in Table 8.1.

Clearly one of the most important aspects of enhancing performance is performance appraisal, which is a critical element of performance management and a key feature of organizational life. As Bach (2005: 289) notes, 'performance appraisals have become far more than just an annual ritual and are viewed as a key lever to enhance organizational performance'. Performance appraisal is defined by Heery and Noon (2001: 7) as, '... the process of evaluating the performance and assessing

**Table 8.1** Features of performance management

Feature	Percentage
Individual annual appraisal	65
Objective setting and review	62
Personal development plans	62
Career management and/or succession planning	37
Coaching and/or mentoring	36
Competence assessment	31
Performance related pay	31
Self-appraisal	30
Twice yearly/biannual appraisal	27
Continuous assessment	14
360-degree appraisal	14
Subordinate feedback	11
Rolling appraisal	10
Peer appraisal	8
Competence related pay	7
Team appraisal	6
Contribution related pay	4
Team pay	3

Source: This material is taken from *Managing Performance: Performance Management in Action* by Armstrong, M. and Baron, A., 2nd edition (2005), with the permission of the publisher, the Chartered Institute of Personnel and Development, London.

the development/training needs of an employee'. LRD (1997: 3) similarly note how performance appraisal is, 'A process of reviewing individual performances against pre-determined criteria or objectives, involving the gathering of information, one or more meetings and some form of report which may include a performance rating'. In sum, then, appraisal is a process that allows for an individual employee's overall capabilities and potential to be assessed for the purposes of improving their performance.

A recent survey by IRS (2005a) suggests that over 90 per cent of workplaces have some form of performance appraisal, usually a conventional top-down appraisal system. Moreover there has been a shift in recent years which have seen more and more organizational members subject to such appraisal, which had traditionally been geared more to managerial staff. Clearly given the skills mix which was discussed in Chapter 4, which points to a predominance of semi and unskilled workers in tourism and hospitality, there may well be a questioning of whether it is worthwhile appraising such workers, especially unskilled workers, as these jobs are likely to involve little technical expertise. For example, notwithstanding the earlier point about more organizational members being appraised, IRS (1999) suggested that less than a quarter of organizations across the economy as a whole surveyed semi or unskilled workers. If these employees are to be appraised some difficulties may be encountered in attempting to establish readily observable standards and criteria by which performance can be measured. There may also be the additional issue in tourism and hospitality of the predominance of small- and medium-sized enterprises. Goldsmith et al. (1997) note that appraisal is unlikely to be something that is realistic for a small family-concern type business or a single person operation. Consequently they advocate that appraisal has certain minimum requisites or parameters, including (p. 165):

- the equivalent of at least 20 full-time non-managerial employees;
- a minimum of one layer of professional management between the organization's proprietor and operative staff;
- some evidence of departmentalization where individual departments have their own heads or supervisors.

Given the above discussion it might seem reasonable to imagine that appraisal is less likely to be a part of a systematic approach to HRM in tourism and hospitality. However, the evidence seems to suggest that the opposite may in fact be true. For

example, Lucas (2004) in her interrogation of the Workplace Employee Relations Survey data, found that 85 per cent of managers in the hospitality and tourism industry had responsibility for performance appraisal. Interestingly, Lucas also found that performance appraisal is more likely to be used in the hospitality industry compared to all private sector service organizations. Similarly, Hoque (1999) found that 89 per cent of the 232 hotels he surveyed regularly used appraisal, compared to 62 per cent of similar sized establishments in manufacturing. Woods et al. (1998) also found a high incidence of appraisal within the US. In a survey of 1000 hotels covering all geographic areas, all types of market segment, ownership type, size and number of employees Woods et al. found that two-thirds of his sample had an annual appraisal. Clearly appraisal then is a significant part of broader HRM concerns in hospitality and tourism and we can now go on to consider some of the challenges facing managers in operationalizing appraisal schemes.

## Appraisal in practice

To begin to assess the impact of performance appraisal we should start with a simple question: Why should organizations appraise people at work? A range of writers (see e.g. Bach, 2005; IRS, 2005a, b) suggest a number of reasons, including:

- Appraisal can be an integral part of ensuring that organizational members are aware of what is expected of them and can thus play an important part in socializing organizational members to 'buy in' to the organizational culture. For example, Groeschl and Doherty (2002: 58) note how, 'Its value as an organizational socialization process is closely associated with organizational attempts to manage "culture", another essential element of the HRM approach to the employment relationship'. Indeed, Bach (2005) notes that increasingly organizations are now using performance management as a means to introduce cultural changes in organizations.
- Improve current performance.
- *Provide feedback*: We all seek approval and conformation that we are doing the right thing, and we also like to advise or direct others on how they should do things.
- Increase motivation.
- Identify training and development needs.

- Identify potential.
- Let individuals know what is expected of them.
- Focus on career development and succession planning.
- Award salary increases/performance related pay.
- Evaluate the effectiveness of the selection process.
- Solve job problems.
- *Set objectives*: Using the *SMART* mnemonic, *specific* or stretching (define precisely what is required in clear language), *measurable* (both quantitatively and qualitatively), *accepted* (objectives agreed and not imposed), *realistic* (achievable and fairly allocated) and *time-bound* (clear target dates). For example, in a tourism and hospitality context it might be things like servers trying to increase their sales per shift, chambermaids cleaning more rooms, receptionists attempting to become more skilled in information technology, improving communication skills or learning to speak a foreign language.

In reality, in most workplaces staff are being continually monitored and assessed by management in an informal manner. Indeed, ACAS (2005: 2) suggest that, 'regular dialogue between managers and their staff about work performance should, of course, be encouraged'. That said, the danger with such informality is that it is very much dependent on individual managers and whether they are giving regular feedback. Consequently, ACAS further note that an appraisal system can develop a greater degree of consistency by ensuring that managers and employees meet formally and regularly to discuss performance and potential. What we are concerned to examine in this chapter is the formalized manner by which staff are assessed during performance appraisals. That is, the process of reviewing individual performance against pre-determined criteria or objectives, involving the gathering of information and one or more meetings on a quarterly, 6 monthly or annual basis, and producing some form of report which is likely to include a performance rating. As described above performance appraisal can be seen in a fairly positive vein and useful in terms of things like raising morale, clarifying expectations, improving upward and downward communication and so on (and see HRM in practice 8.1).

## Review and reflect

What are some of the likely difficulties in appraising employees in tourism and hospitality?

## HRM in practice 8.1 Appraisal: Some good news

Research conducted by Armstrong and Baron (2005) on behalf of the Institute of Personnel and Development in the late 1990s found that employees and managers offered favourable rather than unfavourable views on appraisal. Some of the comments from the research included:

‘You need appraisal to get the best out of people and develop them.’

‘In a one-to-one meeting, people can bring things out to their supervisors who say “I’ve never been aware of that: why didn’t you tell us before?” That’s definitely an advantage.’

‘For me, the real strength of the process lies in the continuing dialogue and negotiation as the year goes on.’

‘You’re one-to-one with your boss. You’ve chatted, and it wasn’t as if it was your boss. It was more relaxed. He would listen and then you’d chat about it. I enjoyed it.’

Despite the above discussion, which points to why performance appraisal might be thought of as a ‘good’ thing, in reality there is much debate and concern surrounding the notion of appraisal. For example, W. Edwards Deming, a leading advocate of TQM, has suggested that appraisal is wrong in principle and an ineffective management philosophy, describing it as a ‘deadly disease’ (cited in Bach, 2005). Similarly, Stephen Covey, the well-known management guru, has described appraisal as a ‘disgusting habit’, outmoded and more suited for an industrial age that no longer exists (cited in IRS, 2005a). Indeed, as long ago as 1957 the famous management theorist Douglas McGregor, of Theory X and Y fame, was suggesting that appraisal is the most contentious and least popular part of a manager’s job. Managers dislike the process as they do not like ‘playing God’, which leads to a judgemental and ultimately de-motivating approach:

The respect we hold for the inherent value of the individual leaves us distressed when we must take responsibility for judging the personal worth of a fellow man. Yet the conventional approach to performance appraisal forces us, not only to make such judgements and to see them acted upon, but also to communicate them to those we have judged. Small wonder we resist! (McGregor, 1957: 90).

## HRM in practice 8.2 Appraisal: Some common negative managerial thoughts about appraisal

'Well, here we go again, I'm sure you don't like this business any more than I do, so let's get on with it.'

'Now, there's nothing to worry about. It's quite painless and could be useful. So just relax and let me put a few questions to you.'

'I wonder if I will end up conning you more than you will succeed in conning me.'

'Right. Let battle commence!'

Managers may also regard appraisal as a waste of time and overly bureaucratic and may also see it as a process that involves relatively high costs in setting up the scheme and training employees in using the scheme (and see HRM in practice 8.2).

In part, some of these negative views of appraisal could potentially be addressed by training for managers to ensure that they are clear of the importance of appraisal. For example, IRS (2005a: 9) note that, 'if managers are not properly trained and committed to the appraisal system, the performance review can become just a paperwork exercise, at best, or – at worst – a harmful one'. This view points to the issue of whether appraisals per se are problematic or whether much of the problem lies in carrying out the appraisal, specifically whether appraisals are performed poorly by uninterested or badly trained managers. Training, then, may help managers to appreciate the importance of appraisal within a broader performance management approach and also the need to develop coaching skills to facilitate a more developmental approach.

Such training may be appropriate in attempting to address some of the problems which may plague appraisal such as (Bach, 2005; Torrington et al., 2005; IRS, 2005a):

- Prejudice, for example, sex or race discrimination.
- Subjectivity and bias, especially with regard to rater bias.
- Insufficient knowledge of the appraisee – so appraiser position is based on position in hierarchy, rather than any real knowledge of person's job.
- The 'halo' and 'horns' effect where managers rate employees on the basis of their personal relationships rather than by objective measure of their competencies and abilities.



- The problem of context – the difficulty of distinguishing the work of appraisees from the context in which they work, especially when there is a degree of comparison with other appraisees.
- What might be termed the ‘paradox of roles’ in terms of the conflation of judge and counsellor (mentor) role which can lead to confusion. For example, in the shift from an evaluative to a developmental approach managers have to manage such tensions.
- The paperwork – overly bureaucratic and simply about form filling.
- The formality – for both appraiser and appraisee it can be an uncomfortable experience.
- Outcomes are ignored.
- Everyone is ‘average or just above average’, for example, managers may find it difficult to give an employee a bad rating as they would not want to justify the criticisms in the performance review interview.
- Appraising the wrong features – too much stress on easily identifiable things like timekeeping, looking busy, being pleasant and so on.
- ‘Recency bias’ leading to a tendency to base appraisals on the recent past, regardless of how representative it is of performance over the course of the previous year.

In many respects the above issues reflect what Bach (2005) calls the ‘orthodox critique’, wherein many of the problems above could potentially be addressed by seeking to remedy the imperfections in the design and implementation of the appraisal system or by improving managerial training in conducting appraisals. For some though there may well be much more fundamental criticisms to be made about the process of appraisal.

Bach (2005) notes the emergence of more critical accounts of appraisal, in particular recognizing how, ‘unitary assumptions about the benevolent purposes of appraisal are replaced by a more radical ideology concerned to examine managerial objectives, especially tighter control over behaviour and performance, the potential to individualize the employment relationship and the scope for managers to use appraisal as a veneer to legitimate informal management’ (p. 305). For example, many of the criticisms, drawing on the work of Foucault, see appraisal as inherently sinister and about aiming to control all aspects of employee behaviour and eliminating scope for employee resistance, so appraisal is simply about bolstering managerial power and control; a point that is similar to some of the criticisms of

organizational culture outlined in Chapter 3. In sum, Bach suggests that critical perspectives seek to highlight that it should not be assumed that clearer objectives and training of appraisers will necessarily yield satisfactory results. Consequently it is important to recognize how, 'the contested nature of appraisal, the specific managerial objectives sought, and the nature of the context in which it is applied, all have an important bearing on the impact of the appraisal process' (p. 306).

Thus, we can appreciate that appraisal is very much a contested issue, both conceptually and practically. Equally, though, as Holdsworth (1991: 65) rightly suggests, 'appraisal is a compulsively fascinating subject, full of paradoxes and love-hate relationships. And appraisal schemes are really controversial ... Some schemes are popular, with overtones of evangelical fervour, while others are at least equally detested and derided as the "annual rain dance", "the end of term report", etc.' (and see HRM in practice 8.3 for how a number of the issues discussed above were played out within ANO, a French hotel chain, which introduced a new appraisal system).

Ultimately, despite the debates surrounding its utility, appraisal is a fact of organizational life, and as Bratton and Gold (2003: 252) note, 'making judgements about an employee's contribution, value/worth, capability and potential has to be considered as a vital relationship with employees'. Moreover, as we noted above there may be an argument, rather like employment interviewing, to say that the process in itself is not necessarily flawed, but the individuals operationalizing it are insufficiently skilled.

## Review and reflect

What are some of the skills likely to be required by managers in order to conduct a good appraisal?

Given the reality of performance appraisal being an inevitable part of a manager's life we can now look at the practicalities in appraising employees. In appraising employees a number of writers have outlined two main perspectives the evaluative and the developmental. In the former approach the main aim is to make a judgement about an appraisees performance, with such a judgement being made against aspects such as the job description and established objectives, which may be linked to extrinsic rewards. Often this will also involve managers making rating or ranking decisions that differentiate between staff on the basis of their relative

## HRM in practice 8.3 The rhetoric and reality of appraisal in ANO Hotels

Groeschl and Doherty (2002) report on the introduction of a new appraisal system in ANO, which is part of a French multinational travel and tourism group and operates at the three star level. In 1998 a standardized appraisal system was developed for the company as a whole in order that it could be implemented in all their brands, including ANO. This attempt at standardizing appraisal was to ensure that all employees across the company's various brands would be appraised against the same criteria to ensure a consistent evaluation of employee performance. The new appraisal system was developed at the corporate headquarters and the working group which developed the system initially evaluated the old system to identify weaknesses. Once this was done they then developed suggestions and proposals for the new system, which were then sent to regional management teams for their comments and feedback. These exchanges continued for 6 months before finally there was agreement on the standardized criteria and a number of aims and objectives. A key aim of the new system was to ensure a basis for planning for action, particularly with regard to career progress. The new appraisal system was an example of a development-oriented appraisal system and the appraisal format was considered a formal and sophisticated document. Employees were assessed with ratings ranging from 'very good' to 'insufficient' on 13 standardized competencies, including aptitudes and skills. Although the process of introducing a new appraisal system seemed well planned and thought out there was still some issues that emerged. For example, some managers seemed unable to sufficiently differentiate from day-to-day feedback with the formal appraisal process. Appraisers would also often be inconsistent in their preparation for appraisal, failing to notify appraisees sufficiently in advance or not filling in the appraisal form correctly. Appraisers would also often run appraisals in public spaces, such as bars and restaurants, which runs counter to the advice often offered in textbooks. Lastly, there was also significant variance in the appraisers style. Some appraisers recognized the developmental nature of the new system and developed an advisory/supportive role in the appraisal; whilst others were much more judgemental and authoritarian. In sum, although ANO had clear objectives, documentation and guidelines, all of which reflected good practice HRM, the implementation proved rather trickier. Closer monitoring of the process by the HR managers, or line managers with a strong interest/involvement in HRM could have improved the situation. Equally, the case seems to point to the need to provide managers with the appropriate skills which allows them to take on more of a facilitator or coaching role in the appraisal process.

## HRM in practice 8.4 Appraisal talking points: Evaluating or developing?

As we have already noted there may be some debate as to whether performance reviews of appraisals should be evaluative or developmental. Consider how you would respond to the talking points below in assessing this conundrum.

### *Talking point 1*

As part of an appraisal process you want to tell a member of staff in your travel agency that you feel as though they lack initiative and that this is severely hindering their performance in their front-line job. How do you approach this issue?

### *Talking point 2*

Should appraisal be linked to pay?

### *Talking point 3*

Should appraisal look forwards or backwards?

performance. On other hand, developmental approaches are likely to have a different premise, where the appraiser and appraisee aim to discuss the progress, hopes and fears of the appraisee in a mutually supportive atmosphere and where the ultimate aim is on developing performance by building on employees strengths (and see HRM in practice 8.4).

In reality, within any given organizational setting there may not be such an absolute and clear cut distinction and their may be elements of both evaluative and developmental approaches, such that the purpose of performance appraisal has tended to oscillate between concerns about short-term performance to a more developmental orientation. Appraisal has also been used as a disciplinary tool by some organizations, with poor performance being something that appraisals systems have sought to address, a point to which we will return later. As we have already noted above though the character and emphasis of appraisal has increasingly changed in recent years. For example, Bach (2005: 291) notes how:

During the 1990s there was a shift from almost exclusive emphasis on reward driven systems, based on individual performance related pay and quantifiable objectives, towards more rounded systems of performance management with a stronger developmental focus.

## HRM in practice 8.5 The use of BARS in the American hotel industry

BARS aims to evaluate managers' actions. Umbreit et al. (1986) developed a BARS format to evaluate what hotel managers do in their jobs using seven rating scales for a number of key aspects of job performance. The aspects of job performance were: communication skills, handling guest complaints and promoting guest relations, developing marketing strategies and monitoring sales programmes, motivating and modifying employee behaviour, implementing policy, making decisions, and delegating responsibilities, monitoring operations and maintaining product quality and handling personnel responsibilities. For example, with regard to communication skills, at the top of the scale at 7 is a manager who communicates effectively by for example calling a meeting to explain why the hotel will be cutting staff. In the middle is a manager who communicates satisfactorily between 4 and 5, for example, a manager who meets with several employees once a week for an informal talk about the hotel's activities. Lastly, at the bottom is a manager who experiences difficulties in communicating with staff at 1–2, for example, during an executive meeting a manager who dismisses a subordinates comments as stupid.

*Source:* Woods et al. (1998).

We will consider this point in due course. However, it is important to recognize that many appraisal systems will still retain attempts to measure performance, often using a variety of techniques. For example, Woods et al. (1998) found that hotels in their survey used one or more of four approaches, these being management by objective (MBO) (48 per cent), behaviourally anchored rating scales (BARS) (41 per cent), narrative essay (37 per cent) and graphic rating scale (28 per cent). Other methods which organizations may use include performance standards and matching performance against job descriptions, rating an employee based on a scale, which may for example range from 'outstanding' to 'unacceptable' and critical incidents (and see also HRM in practice 8.5).

HRM in practice 8.5 gives an indication of the types of activities which may be assessed in judging the performance for managers in the tourism and hospitality industry. Clearly, in addition to these aspects there may be a range of other attributes that can be used to measure the individual performance of an employee. For example, CIPD (2005b) reporting on a survey of over 500 organizations across the

**Table 8.2** Criteria used to measure individual performance

	Respondents (%)			
	Very important	Important	Not very important	Not used as a measure
Customer care	45	40	7	5
Quality	47	44	3	4
Flexibility	22	56	13	4
Competence	53	40	3	2
Skills/learning targets	18	57	16	4
Business awareness	17	52	21	6
Working relationships	35	53	7	3
Contribution to team	34	57	4	2
Financial awareness	11	47	28	10
Productivity	34	49	9	6
Aligning personal objectives with organizational goals	29	48	16	4
Achievement of objectives	52	42	3	1

Source: This material is taken from *Performance Management Survey Report* by CIPD (2005), with the permission of the publisher, the Chartered Institute of Personnel and Development, London.

economy outline a number of criteria and their relative importance to how organizations measure individual performance, and these are considered in Table 8.2.

Similarly, IDS (1989, cited in McKenna and Beech, 2002) suggest a number of performance factors which are likely to be appraised, the most important being:

- Knowledge, ability and skill on the job.
- Attitude to work, expressed as enthusiasm, commitment and motivation.
- Quality of work on a consistent basis and attention to detail.
- Volume of productive output.
- Interaction, as exemplified in communication skills and ability to relate to others in teams.

As we noted above though the focus of appraisal is increasingly argued to be shifting to one of a more developmental focus. Given that much of the discussion above has outlined an approach to appraisal which is predominately top-down, there may be

other approaches, which may be seen as less biased and potentially offering greater scope for development. Some of these other approaches are now briefly discussed.

*Self-appraisal:* Bach (2005) notes the manner in which the appraisal process in a number of organizations increasingly expects employees to take greater ownership, 'with employees assigned greater responsibility for establishing their own performance goals and for obtaining feedback on their performance' (p. 293). With self-appraisal, then, instead of employees' being passive recipients of their line manager's appraisal they are increasingly involved via some form of self-assessment, often being more critical than if the manager conducted the appraisal (McKenna and Beech, 2002). In such an approach employees are increasingly expected to take the lead in the discussions – it should not just be a case of downwards feedback from the line manager. Indeed, in some instances employees may draft their own performance reviews, which then forms the basis for the discussion with their line manager (IDS, 2005).

*Peer appraisal:* Fellow team members, departmental colleagues or selected individuals with whom an individual has been working provide the assessment of performance.

*Upward appraisal:* Managers are appraised by their staff (and see the discussion of attitude surveys in Chapter 10).

*Customer appraisal:* Redman (2006) notes the increasing importance of customers in the appraisal process, which in part reflects the emergence and development of TQM and customer care programmes. As he recognizes, 'one impact of these initiatives is that organizations are now increasingly setting employee performance standards based upon customer care indicators and appraising staff against these' (p. 163). For example, Redman notes how these can be both in terms of 'hard' quantifiable measures, such as whether a drink is delivered in a certain amount of time in a restaurant; to 'soft' measures, which are more qualitative, such as whether a warm and friendly greeting is given by staff in giving the customer the drink. Moreover, Redman notes the use of service guarantees, 'which involve the payment of compensatory moneys to customers if the organizations do not reach the standards' (p. 163), which again also means a greater use of customer data in appraisal ratings.

In terms of the use of customer service data and how it may be used to appraise employees, Redman notes how it can be gathered by a variety of means.

- *Customer surveys:* Organizations are now becoming increasingly sophisticated in the manner in which they gather customer feedback, which is gathered via a

number of means such as the use of customer care cards, telephone surveys, interviews with customers and postal surveys.

- *Range of surveillance techniques:* Managers may 'sample' the service encounter. For example, if a travel company had a call centre managers could listen to some of the calls between customers and the call centre operatives.
- *'Mystery' or 'phantom' shopper:* Mystery shoppers observe and record their experience of the service encounter and report these findings back to the organization. Although this method may be seen as rather controversial – employees may view the mystery shoppers as 'spies' or 'snoopers' and indulge in 'shopper spotting' – it is widely used in the tourism and hospitality industry. Redman argues that the controversy surrounding mystery shoppers may be dissipated to an extent if they are used primarily for encouraging and rewarding good performance, rather than punishing staff for performing poorly.

## Review and reflect

If you have been subject to any of the above aspects in your working life in tourism and hospitality how did you feel about being assessed by these means? Did you feel that it gave a fair representation of your performance?

Customer feedback may be used as a stand-alone aspect of performance management, or may be an integral part of 360-degree feedback.

*Multi-rater or 360-degree feedback:* CIPD (2006) notes how 360-degree feedback has been increasingly talked about, if not necessarily widely used. Performance data is generated from a variety of sources, which can include the person to whom the individual being assessed reports, people who report to them, peers (team colleagues or others in the organization), and internal and external customers. It may also include self-assessment and will often be part of a self-development or management development programme. 360-degree feedback is felt to provide a more rounded view of people, with less bias than if an assessment is conducted by one individual.

### The practicalities: the appraisal form and interview

Most PMS are likely to have a formal final performance review, where an individual employee is assessed against their objectives (inputs and outputs). This review



is also likely to allow for a review of training and development needs. With regard to the practicalities of conducting the review, it is likely that most companies will use the appraisal form to structure the discussion. ACAS (2005) notes how most performance appraisal forms should contain provision for:

- basic personal details, such as name, department, post, length of time in the job;
- job title;
- job description;
- a detailed review of the individual's performance against a set of job related criteria;
- an overall performance rating;
- general comments by a more senior manager;
- comments by the employee;
- a plan for development and action.

In approaching the appraisal interview the discussion to date gives a sense of some of the potential pitfalls that might befall a manager in conducting an appraisal interview. To an extent as well the nature and tone of the appraisal interview will be dictated by whether a scheme is seeking a broadly evaluative or developmental approach. That said, Torrington et al. (2005) in their review of appraisal interviewing advocate the need to seek an approach which is concerned with seeking joint approaches to enhance performance. Underpinning such an approach is a problem-solving style, which is summarized in the following manner:

The appraiser starts the interview by encouraging the employee to identify and discuss problem areas and then consider solutions. The employee therefore plays an active part in analysing problems and suggesting solutions, and the evaluation of performance emerges from the discussion at the appraisal interview, instead of being imposed by the appraiser upon the employee (Anderson, 1993: 102, cited in Torrington et al., 2005: 341).

Much of the above discussion points to the need for managers to have the right skillset that allows them to appraise well; as well as understanding how appraisal fits in to the wider issue of performance management and organizational strategy generally. In terms of practical skills though there may be aspects such as asking

the right questions, the ability to be a good listener and giving useful feedback. In sum, CIPD (2005a: 4) offers a view on what 'good' and 'bad' appraisals look like:

On the one hand a 'good' and constructive appraisal meeting is one in which:

- Appraisees do most the talking.
- Appraisers listen actively to what they say.
- There is scope for reflection and analysis.
- Performance is analysed and not personality.
- The whole period is reviewed and not just recent or isolated events.
- Achievement is recognized and reinforced.
- Ends positively with agreed action plans.

On the other hand a 'bad' appraisal meeting:

- Focuses on a catalogue of failures and omissions.
- Is controlled by the appraiser.
- Ends with disagreement between appraiser and appraisee.

## Managing poor performance

Of course there is always the potential issue of how to manage poor performers and a clear rationale for the introduction of PMS is to seek to identify and address any instances of poor performance. If a PMS is underpinned by regular meetings, feedback and coaching then these issues should be picked up relatively quickly. Organizations can then attempt to address poor performance through some form of improvement development programme, which will often involve employees being given extensive help in the form of training and coaching. Armstrong (2001: 484–485) suggests that there are five basic steps in handling performance problems:

- 1 Identify and agree the problem through analysing feedback and getting agreement from the employee what the shortfall has been.
- 2 Establish the reason(s) for the shortfall and avoid crudely attaching blame for problems in the job.
- 3 Decide and agree on the action required, whether it be things like a change in attitude, behaviour or improvements in certain skills or abilities.

- 4 Resource the action by providing coaching, training and guidance to ensure that changes can be made.
- 5 Monitor and provide feedback, which may also include an element of self-management in the learning process.

Thus, as IDS (2005: 9) notes, 'in this way, most poor performers will either improve to a satisfactory level within a given timescale or as a last resort would be liable for dismissal under capability procedures', an issue that is further discussed in Chapter 12.

## Conclusion

Despite concerns performance appraisal remains a key part of organizational life. Often an integral part of a broader PMS performance appraisals are a crucial, if rather unloved, part of a manager's job. We recognized in the chapter how debates about performance appraisal may not just reflect fundamental criticisms but also more prosaic issues, such as managers not having the necessary skillset to conduct appraisals which are more developmentally oriented in particular. Many of these issues are particularly pronounced in the tourism and hospitality sector where the predominance of SMEs, the nature of the skills mix in the industry and difficulties in judging 'softer' and less quantifiable aspects of performance may all mean that the development of a systematic approach to appraisal remains problematic. Nevertheless evidence suggests that the majority of tourism and hospitality organizations are seeking to appraise their employees. Given this reality it is important for organizations and managers to recognize the challenges in conducting positive appraisals. Recognition of these challenges and the skills needed to address them means that 'playing God' may not be quite so painful for managers as has often been the case in the past.

## References and further reading

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- Workforce Management has a description of a 360-degree appraisal process in Yum Brands Inc (*Workforce Management*, April 2005, pp. 59–60). This article can be found at <http://www.workforce.com/index.html> at the main site use the free registration facility then find the article via the search facility.
- The CIPD Performance Management survey can be found at <http://www.cipd.co.uk/surveys>
- There are a number of helpful tips and tools to improve appraisal at <http://www.businessballs.com/performanceappraisals.htm>