

5. Select three distinct jobs of your choice (e.g., a clerical job, a technical job, and a professional job). For each job, identify what you believe is the most appropriate performance

appraisal method. Based on your choices, sketch a performance appraisal instrument. Discuss the rationale for your choice of performance appraisal methods.

Case

Appraising Performance at Precision

Precision Manufacturing produces machine parts and has nearly 200 production employees and 50 employees in their front office with responsibilities ranging from data entry to marketing. Jackson Smith is the new compensation manager at Precision and his first task is to implement a merit pay program that would tie to the company's performance appraisal process. For the last 10 years, all employees have received an annual pay increase, but it has been an across-the-board increase, with all employees receiving the same percentage increase in base pay. Jackson and the company president have agreed that implementing a merit pay program to provide pay increases based on performance would support the company's competitive strategy by rewarding employee productivity.

The first step in developing the merit pay program is to ensure that the performance appraisal process aligns with the proposed program. The purpose in implementing the merit pay program is to provide the employees with pay increases as a reward for performance, and therefore, effective measurement of performance is essential. Jackson must now review the current appraisal process to ensure it will tie to the proposed merit pay program.

The current appraisal process is fairly simple. Once each year, the supervisors at Precision provide their employees a written performance appraisal. The supervisors use a generic form to conduct their appraisals, and the same form is used for all employees. The form asks the supervisor to rate the employee on a scale of 1 to 5 in four areas: quantity of work, quality of work, attendance, and attitude. Once the form is

completed, the supervisor meets with the employee to share the results. Both the supervisor and the employee sign the form, and then it is placed in the employee's personnel file.

Jackson's initial research on the appraisals has brought several concerns to his attention. First, employees do not have written job descriptions that clearly state their performance expectations. Further, his review of past appraisals suggests that the supervisors tend to rate all of the employees about the same. Very rarely is an employee rated exceptionally high or low; most are rated as average. Finally, it seems that employees and supervisors communicate very little about performance. Aside from the one meeting a year to deliver the performance appraisal, the supervisors tend to talk to employees about their performance only if the employee is having a problem.

Jackson knows he has a lot of work ahead of him to create a performance appraisal process that will provide a reliable assessment to support a merit pay program. First, he must clearly identify the problems with the current performance appraisal process, and then he must lay out a plan to correct any deficiencies.

Questions:

1. What are some problems with Precision's performance appraisal process that might cause challenges for Jackson to implement a merit pay program?
2. What changes do you recommend Precision make to the performance appraisal process to align it with a merit pay program?

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