

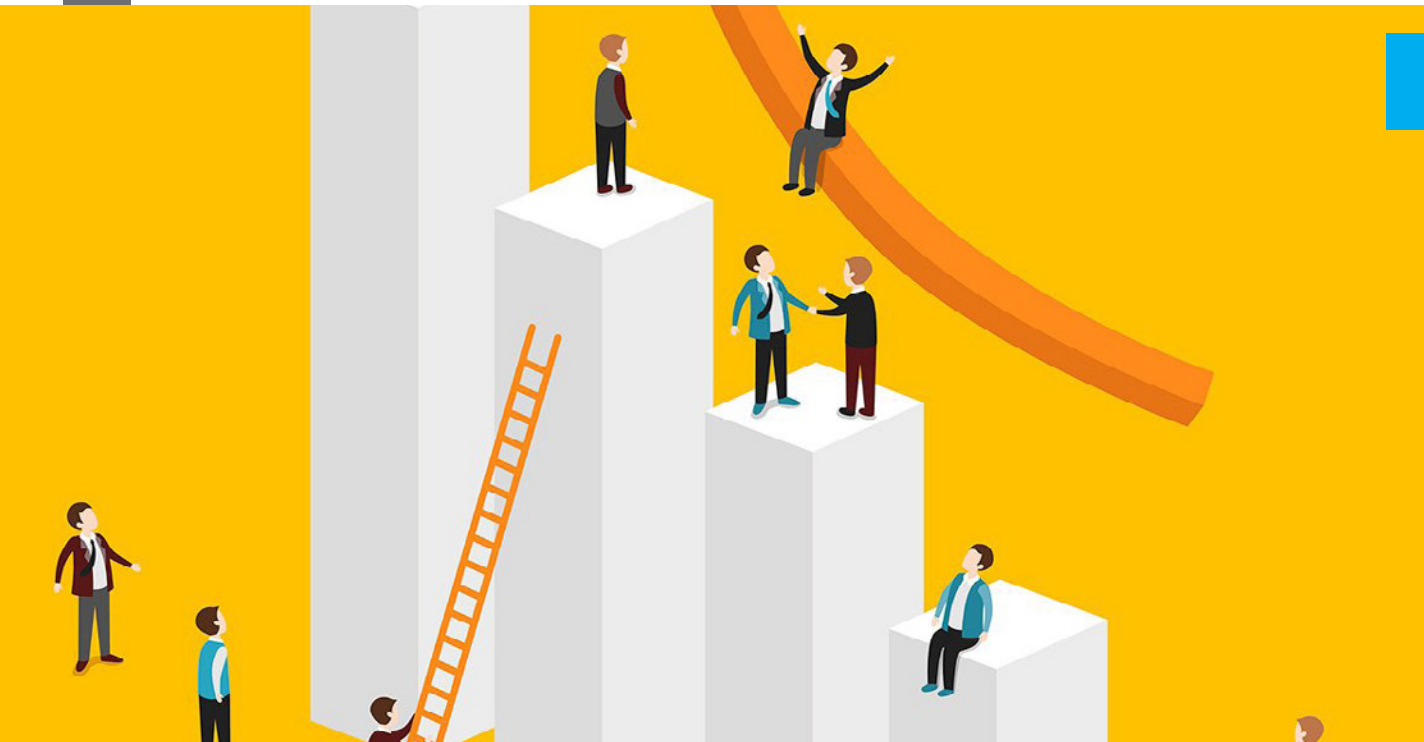
Performance Calibration: A Critical Review

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Abstract:

To eliminate the problems of existing appraising methods, academicians and researchers have talked about some contemporary issues. Among all those issues, 'Performance Calibration' has gained much more popularity and acceptance. It is a performance review process where managers of different departments meet to analyze the performance of their employees, achieve agreement on the ratings given by them and differentiate high performers from the lower one. Though performance calibration is one of the promising issues in the field of performance evaluation, very little research has been conducted on this topic. This paper aims at reviewing the existing literature and providing a conceptual framework of performance calibration. This paper also shows the calibration process, the calibration meeting preparation and checklist, meeting agenda, feedback to employees, benefits and challenges associated with the performance calibration. Though performance calibration is a very new concept in the field of performance evaluation, it has the potential to remove the problems of existing performance appraising methods and can ensure fairness in the mind of employees.

Keywords: Performance Appraisal, Calibration, Facilitator, Calibration Session, Feedback.

1. Introduction

Performance Appraisal is a very challenging task for any organization as it is often questioned by the employees for biasness and raters' error. HR specialists, academicians and researchers are trying to find the best solution to remove these problems and help the organization to identify high and low performers. An organization should rate its employees accurately, efficiently and effectively. But very often employees don't understand the process and blame superiors for the poor ratings provided by them. As a result, employees become frustrated and dissatisfied. Recently, the term 'performance calibration' is gaining popularity and acceptance for its promising role in removing rating errors and biasness. Caruso (2012) affirmed that performance calibration can remove the confusions among employees as it is a process where managers provide the final ratings after successful discussion with the employees. Miller(2014) added that organizations need to have their own ratings distribution guidelines and should arrange calibration session for ensuring the appropriateness of the ratings. Daniel (2012) also agreed that the calibration meeting is very helpful for differentiating high performers from the lower one for rewarding them.

Research studies on performance calibration are very few even in the advanced countries. So far, no study has been conducted on the performance calibration that details the entire process and its importance. This study will help HR managers and practitioners to have a clear idea about the calibration process, how to conduct it and its benefits to the organization. This paper can be a helping hand for organizations facing different rating problems. Performance calibration can solve the problem of rater's error through the calibration session and providing training to raters. Performance calibration is necessary for ensuring the accuracy and fairness of the ratings and making managers liable for the ratings provided by them. It is also helpful for finding the high achievers and identifying the lower one to provide them with development plans.

2. Objectives of the Study

The main objective of this study is to get an in depth idea about the concept of performance calibration. The secondary objectives are:

- To have a conceptual framework of performance calibration.
- To identify the calibration process, sessions, calibration meeting; meeting preparation and checklist, meeting agenda, feedback to employees and benefits of performance calibration based on some previous studies.
- To assess the challenges associated with performance calibration.
- To recommend some measures for successfully implementing the calibration process.

3. Methodology

This paper is aimed at searching the existing literature on performance calibration. This study is conducted on the basis of secondary data. Though the term 'performance calibration' is very popular among developed countries, it is very new for Bangladesh. So, the secondary data have been collected from journals, research papers and newspaper articles which are mainly internet based. But the authors have interpreted the data in the light of the objectives mentioned in earlier section.

4. Existing Methods of Performance Appraisal

There are many methods for appraising the performance of employees. But no authentic data are available as to whether all of these methods are being used by different organizations. Still all of them are important as their application acquaints meaning to the concept of performance appraisal. These methods are:

4.1 Rating scales:

Rating scales assess a person on the quality and quantity of his or her work using several numerical scales ranging from excellent to poor. The total numerical scores are computed for deriving final conclusions and providing feedback. This method is very easy to use, less costly and appropriate to evaluate any type and number of employees. But this method is often criticized for rater's biases.

4.2 Checklist:

In this method, a checklist is prepared containing the statements of traits of employee in the form of 'Yes' or 'No' based questions. The actual evaluation is done by HR department. This method is very easy

to administer and requires less training to raters. This method is also criticized for rater's biases and improper weights by HR.

4.3 Forced choice method:

In this method, a list of statements regarding the performance of the employees is presented to the evaluators. The evaluators are forced to make a choice regarding which statement is true or false. The HR department does actual assessment of the employees. This method is free from biasness but the statements may be wrongly framed.

4.4 Forced distribution method:

In this method, the evaluators rate their subordinates according to a pre-determined distribution scale given by the organization. The judgments are relative basis like evaluating a person relative to his or her performance in the group. This method is also free from personal biasness but the rating distributions may be unrealistic and prone to central tendency errors.

4.5 Critical incidents method:

This method is focused on certain critical behaviors of employee that make differences in the performance. Supervisors are asked to record all those incidents for making periodical appraisal. This method is also free from rating errors. But the incidents can be forgot or prioritized by the evaluators.

4.6 Behaviorally anchored rating scales:

In this method, the assessments are based on the behavior or action of an employee over a particular situation. This method combines the elements of both rating scales and critical incidents method. This method also helps to reduce rating errors but this is very time consuming and costly.

4.7 Field review method:

This is an appraisal system done by someone who is not from an employee's own department. The person may come from HR department or other corporate departments. This method is very time consuming though it is useful for managerial level promotions.

4.8 Confidential records:

Here the report is given in the form of Annual Confidentiality Report (ACR) recording some items like attendance, team work, leadership, initiative, technical ability, reasoning ability, resourcefulness etc. Though the system is highly secretive and confidential but the ratings can be manipulated and prone to biasness.

4.9 Essay method:

In this method the raters write down a paragraph on the strengths and weaknesses of their employees. This method is very useful in filling information gaps about the employees but is highly dependent upon the writing skills of raters.

4.10 Management by objectives (MBO):

Here the performance is rated against the achievement of objectives stated by the management. It is very useful for managerial positions but not applicable to all types of job.

4.11 Assessment centers:

An assessment center is a central location where managers participate in job related tasks which is evaluated by trained observers. This method is very useful for the fair promotion of the employees but the wrong assessment may lead to wrong decisions.

4.12 360 Degree Feedback:

It is a modern technique in which employees receive performance feedback on a variety of dimensions by the persons with whom he or she interacts for the purpose of the job. This technique is highly useful for self-development, measuring inter-personal skills, customer satisfaction and team building skills. But the feedbacks can be intimidating and threatening.

It is evident from the above discussions that almost all types of appraising methods use rating scales for measuring the performance which are prone to biasness and errors. Performance calibration can solve the problems of raters' biasness and errors and ensure fairness in the appraising process.

5. Review of Literatures

5.1 Performance calibration: Daniel (2012) defined performance calibration as a process where managers of different departments meet to assess the ratings provided by them in order to ensure equivalent assessment of employees doing similar jobs. This process gives managers the advantage to share their views and understanding regarding the core competencies and expected employee behavior. It also helps to identify high performers to reward them and average or low performers to provide them with appropriate developmental plans. Caruso (2012) affirmed that performance calibration ensures the application of identical standards for all the employees which eliminates the feeling of unfairness among the employees. So, in simple

words, performance calibration is a process where managers meet to use similar standards for analyzing the performance of their employees, achieving agreements on the ratings and differentiating high performers to give reward and low performers to provide developmental plans.

5.2 Calibration sessions: The main objective of the calibration sessions is to ensure the use of identical standards by managers for appraising their employees. It helps to remove the belief of 'tough graders' and 'easy graders' in the mind of employees that creates dissatisfaction among them. According to Goldberg (2008) calibration sessions can be in two forms:

5.2.1 Rating against a well-understood standard: Here the HR department of an organization develops behaviorally-anchored rating scales and then train their managers regarding how to apply these scales for rating different employees in different situations. This approach is helpful for developing a common understanding among managers before rating their employees and dealing with different situations.

5.2.2 Strong facilitation: Strong facilitation is necessary for the proper application of calibration process. Here managers of different departments meet to discuss the performance of their employees and try to remove their confusions regarding the ratings with proper justification.

Both approaches create the opportunity of conversations among managers about the ratings and performance of their employees. Still controversy is there regarding which approach is best for the organization.

5.3 The performance calibration meeting: According to Caruso (2012), performance calibration meeting is conducted with supervisors and managers who are responsible for conducting performance appraisals. An HR manager or business partner can play the role of facilitator to ensure that the desired goals are met. Ultimately, the decision regarding whom to involve or not is based upon the structure and culture of that organization. QA analysts, frontline supervisors, trainers, team leaders and agents can also be a part of performance calibration meeting. The size of the meeting group should be considered. The larger the group, the more chances are there to go beyond the time frame and achieving frustrated result. Sub-groups can be allowed if necessary.

5.4 Calibration meeting preparation and checklists: Caruso (2012) suggested managers to complete draft performance appraisals before starting the calibration meeting and be prepared to discuss their ratings with their peers and managers. During the calibration meeting, the managers review the proposed overall ratings and try to reach the consensus of all the participants. A ground rule of the meeting is that the ratings should not be changed forcefully rather voluntarily by the respective managers. The tasks of a facilitator are to aggregate data, encourage participation and discussions among managers and help them to reach in a consensus. Productive performance calibration meetings help managers to evaluate their employees accurately and eliminate the biasness and unfairness in the ratings. Caruso (2013) provided some checklists that can make the performance calibration meeting successful. They are:

- Preparing a schedule and timeline with key dates of calibration meetings in advance so that the participants can understand the expectations of the meeting.
- Conducting performance calibration meeting before starting individual performance review meeting and taking compensation decisions.
- Urging managers to complete draft performance appraisals and help them prepared for the group discussions.
- Compiling and examining performance data, critical factors and performance distributions by the facilitator before starting the meeting.

5.5 Performance calibration meeting agenda: Caruso (2012) provided some agendas for performance calibration meeting. They are-

- Maintaining confidentiality of the information discussed and the outcomes of the meeting by all the participants involved.
- Reviewing the rating scale/s properly and understanding what each rating means.
- Comparing the performance distribution with the previous and desired distribution.
- Presenting and discussing the performance rating/s of each and every employee and the managers' explanation or rationale behind the rating.
- Reflecting the performances of the employees accurately and making the meeting productive through voluntary adjustment of ratings.

For the effectiveness and efficiency of performance calibration meeting, the participants can use performance management software. This software helps HR and business unit leaders with immediate and direct access to individual and aggregate level performance evaluation data. It also helps the participants to collaborate with others, review performance ratings and analyze historical data.

5.6 Performance feedback: After completing the calibration meeting and having ratings approved by the facilitator, managers are responsible for providing performance feedback to their employees in an objective and helpful manner. Feedback can be both positive and corrective. Managers should communicate both. Miller (2011) stated that an effective feedback should have five key elements- behaviorally based, specific, timely, balanced and actionable.

6. Conceptual Framework of the Study

After analyzing and reviewing previous literatures on performance calibration, it is evident that almost all authors have talked about a sequential process to calibrate the performance of employees. Using their concepts and judgments, a new model of performance calibration has been developed (Figure-1).

Performance Appraisal	Calibration Process	Feedback to Employees
<ul style="list-style-type: none"> • Appraisal completion by managers • Training to managers • Ratings provided by identical managers including progress on goals, performance against key job duties, core competencies etc. • Providing final score & major summary comments. 	<ul style="list-style-type: none"> • Calibration meeting with all managers • Group discussions • Feedback on presentation • Asking questions on specific rating • Proper suggestions & adjustments • Overall updated review by the facilitator • Signing finalized review 	<ul style="list-style-type: none"> • Individual performance review to employees • Discussions with employees • Maintaining objectivity and cooperation

Figure 1: Conceptual Model of the Study (supported by the model provided by Karen N. Caruso)

7. Benefits of Performance Calibration

Experts (Goldberg, 2008; Miller, 2014; Sammer, 2008;

and Daniel, 2012) have identified some benefits of performance calibration. They are:

- Performance calibration ensures accuracy and fairness in the performance appraisal process as the ratings are well defined and clarified to the managers. This perception of accuracy and fairness is very important as the compensation, promotions and other benefits of the employees are strongly related to it.
- The calibration process emphasizes on providing proper training to managers regarding how to rate their employees. This system increases the level of confidence and accountability among managers and makes them prepared for any query.
- It ensures effective and efficient performance appraisal as similar standards are used by all the managers. As a result, the strengths; weaknesses and overall accomplishments of the employees can be identified easily.
- It helps to identify outstanding, average and low performers. So, the decisions regarding whom to reward or retain and whom to provide punishment or development plans can be taken easily.
- It also helps to eliminate the biasness and rater errors like halo effect, leniency or constant error, central tendency etc. through the group discussions among managers. Calibration meeting ensures transparent appraising process as every manager is held liable for their ratings.
- The calibration process gives managers ample opportunity to understand the condition of their employees and causes of their low performance. It helps to mentor employees according to their needs.
- The feedback sessions of the calibration meeting help to eliminate the confusions and frustrations through providing constructive feedback. This constructive feedback encourages self-correction among employees. Again, proper clarifications regarding the poor ratings of the employees help to reduce confusions.
- The calibration meeting provides enough time and space for productive conversation among managers. It also presents a good opportunity to understand the overall organizational objectives and ensures upward communication.

8. Findings of the Study

From the above discussions it can be said that performance calibration increases the accuracy and fairness of performance ratings. It makes managers accountable and better at performance management and employee reviewing process. High performers can be identified and retained easily through this process. Ultimately, performance calibration provides benefits to employees, managers and executives and in a word to the whole organization. Though performance calibration helps to reduce rating errors and personal biases significantly, it has both positive and negative aspects. There are many challenges associated with it and these challenges are associated with some previous researches. They are:

- Performance calibration is a very new and recent addition in the field of performance appraisal. As the term is not familiar among the employees so they have no or very little idea about the process. As a result, they may find the process very complex compared to the existing one practiced in their organization. The entire process can make them de-motivated and frustrated.
- The performance calibration process is also new to managers. They may also perceive the process complex and lengthy as they have to go through a long process named calibration sessions before and after providing the final ratings.
- The managers may see the process negatively as they are not allowed to take the ratings decision by themselves. There is absence of ownership of the rating decisions. They get an opportunity to blame the calibration session in case of any grievance seen among the employees.
- The managers and employees who are reluctant to changes may stand against the process. The mechanical and impersonal features of the system may discourage them from practicing it.
- Though collective discussions are very necessary for the accuracy and fairness of the performance appraisal, both managers and employees may discourage it. It may make them nervous as the result is unknown to them.
- Unexpected criticisms from other managers of different department may create dissatisfaction and unwanted chaos.

9. Recommendations of the Study


At today's dynamic and competitive business world, organizations should evaluate its employees effectively. Very often it creates confusions and frustrations among the employees. If these confusions can be faced intellectually, then performance calibration will be more accurate and acceptable. In light of the above discussions, some measures are given below for making the process successful:

- The facilitator of the calibration meeting should be a neutral third party. S/he should have enough power and capability to control the whole meeting and eliminate any kind of biasness and confusions among the managers. S/he should never let any manager to have too much influence over the sessions and decisions.
- The facilitator should create a participative environment where the participants will feel free to challenge and debate with each other. S/he should remain objective and avoid the halos or horns effect.
- The facilitator should be a very good listener. Throughout the whole sessions, s/he should show attention; be open and honest while discussing with managers.
- The managers should adequately represent their employees and the ratings provided to them. S/he should also make them prepared in case of any questions or challenges from the managers of other departments. The managers should not criticize rather cooperate each other during the sessions.
- Before rating employees, appropriate and timely training should be provided to both the managers and the employees. The managers should always be cooperative and fair to the employees about the process to reduce their frustrations and confusions.
- For differentiating high performers from the lower one, sufficient time and efforts should be given by all the participants.
- Confidentiality is one of the preconditions for a successful calibration process. So, all the participants should maintain confidentiality of discussions and results.

- A successful calibration also depends on asking the right questions to the managers. So, the questions asked should be constructive and appropriate.

10. Conclusion and Suggestions for Future Research

Performance evaluation is one of the most important aspects of employee performance management. This paper aims at providing a clear conception of performance calibration process and discussions regarding how to conduct it. A conceptual framework of performance calibration has been developed which starts from appraising to feedback. The study reveals the meaning of performance calibration, the calibration sessions along with the pre and post tasks of calibration meeting. The benefits and challenges of performance calibration have also been identified. In light of the findings and literature review, some recommendations have been provided to make the process successful. This is evident from the study that performance calibration can be a constructive tool to remove the problems associated with the existing appraising methods. But before implementing this, the challenges associated with it should be dealt carefully.

Each and every research creates an opportunity for future research. It is also applicable for this research. The study could have more perfect if it is validated using field study. That validation should involve developing questionnaires and thereby gathering response from managers and employees. This study will inspire managers to implement the performance calibration sessions to make the evaluation process more accurate and fair. 

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