

APPRAISALS AT RED SQUARE INDUSTRIES

By Name

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## Executive Summary

Rating of employees' performance is an exercise that should be approached with caution. It must include all the managers from all the departments. The problem with the human resources department has been aggravated by leakages of information from the management level to the workers. The naming of the various levels of grading giving them the names of objects and animals is very dehumanizing to the employees and has demoralized the bottom quarter who are referred to as dogs. The managers need to be more sensitive and considerate to the needs of the workers and should stop harassing them. Terminations have been carried out in a discriminate manner, which is very unfair to the workers who are not in the union. All workers should be treated equally if the situation is to improve. New entry employees should not be graded as failures while they have not yet been given time to train for the job before they can be tested. The CEO needs to put in place appraisal evaluation measures in order to arrest the situation which threatens the existence of the company.

## Appraisals at Red Square Industries

### Introduction

The human resources problem Red Square industries is facing is self-made. The five level performance appraisal system that was initially designed as a management program but later turned into a human resources exercise has become a liability to the company as it has become counter-productive. The program was excellent in its intentions but its implementation has fallen short of the original purpose (Stone, 2010, p.2).

The management should have used more effective ways of introducing and implementing the program of evaluation alongside its rating system to the employees. If the management used the proper means, the program would have been a success story for the company. The rating system was forced upon the employees and its criteria for gauging their performance is wanting. The discriminatory nature of the rating system and the classification of employees as stars, starlets, workhorses and dogs dehumanize the very human nature of employees. This has led to a feeling among the employees that some of them are special and others are not needed; and that their contribution amounts to nothing. The company can do without them. That the management program is an open secret has compounded things as workers can easily access the results of their rating and those at the bottom quarter feel threatened and leave work leaving a gap in production which is a great loss to the company given the amount it takes to train the workforce. The company has been unknowingly losing a lot of human capital.

### Problems

The problem with Red Square Industries may at first seem to be affecting the human resources department alone. The truth is that all the departments are equally affected. There has been a considerable loss of human capital as a result of the employee rating crisis. Production has fallen due to low morale among employees who lack motivation. This has been occasioned mostly by the selective manner in which the performance evaluation is done. Some employees in the bottom quarter leave work voluntarily for fear of victimization base on the results of the ratings.

The CEO should consider devising ways of rating the performance of the employees so as to improve their morale (David, 2010, p.32). Appraisal is supposed to be fair and balanced so that the employees can be satisfied that justice has been done. The main problem is lack of a proper method for performance appraisal. The greatest mistake was naming the five levels of performance appraisal as stars, starlets, workhorses and dogs. This is very demeaning as no human being would like to be compared to an animal under whatever circumstances. Better terms should be used to describe the various levels in the performance appraisal system. The problem has been further aggravated by leaks of management information which sabotages the process by keeping the employees updated on what goes on in the CEO's boardroom.

#### Grading System

The CEO needs to select an independent board of performance evaluation charged with monitoring, evaluating and grading the employees according to their performance on a

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yearly basis and in a fair way. The employees should be graded without favoritism and the grade given should reflect the actual performance of the individual worker. Naming of the performance levels has been a bone of contention among the workers. The evaluators ought to come up with a better naming system for the various grades given to the workers instead of using demeaning terms descriptive of animals and objects such as stars, workhorses and dogs. It would have been more encouraging for the workers to be graded as excellent, above average, average, below average and poor. Such other impersonal and kinder terms serve the purpose better.

Some well-connected managers have been doing injustice to other managers and workers in other departments by refusing to give the employees under their departments the actual grades. This beats the purpose of performance evaluation as it does not give the correct picture of the workforce. It is ethical to grade a worker within the range that they fall. This selective awarding of grades does not serve the intended purpose of effectively evaluating employees. The company has been on a downward streak given this criterion for evaluation in selected departments as the real picture is concealed and instead factual figures are given to the management for review. The managers should adopt a more focused method of assessment which is devoid of biases so as to give a true picture of the individual employee performance. It should be free of biases.

The CEO relies on the managers for support. He acts on information from managers to make critical decisions that could affect the company either positively or negatively depending on the validity and practicality of the information. The managers who have

been tailoring the evaluation assessment of their employees to satisfy their egos have been doing a disservice to the company. Employees who are under strict managers and who abide by the requirements of the performance appraisal are disadvantaged. A good example is that of an employee who has been graded as a dog and another one whose performance is similar but the manager grades the worker in category four or a starlet. The disparities are very big and as a result the worker graded as a dog may quit the company while in the real sense his performance is better than that of the employee graded as a starlet.

The CEO has been getting feedback that does not deserve to be relied upon. New employees are graded together with employees who have been trained and given enough time to gain the required experience but have been assessed and found to be failures or wanting in their service. In evaluating the employees, the managers should meet the requirements of a good evaluation in terms of reliability. The assessment should be comprehensive.

### Methods of Evaluating Appraisal

The best way to ensure reliability is by enforcing the use of a variety of methods of appraisal evaluation. One of the most suitable methods that the managers of the various departments should use is manager's evaluation because it can be used on a cross section of employees in various departments and different levels of qualification. The managers have to rate individual employees or a group using a certain criteria. This type of

evaluation will bear positive results for the company because it is capable of producing invariable results across a variety of employees (Scimia, 2010, p.4).

The company needs to adopt multisource feedback method of appraisal evaluation to gauge the employees as a whole without comparing individual workers. In this case the managers are given a scorecard by workers and subordinate staff. The results that they get from workers help them to improve on areas that they are failing in and perfect on the others that they are already good at. The company has been evaluating the performance of employees alone leaving the managers to work without being checked and this method will give the CEO a clear picture of their performance. Managers who perform poorly tend to pass the buck on the workers by victimizing them and giving them poor grades to create the impression that the employees are entirely responsible while in the actual fact the managers are the cause.

Including the managers in the appraisal process will help the manager identify the nonperforming ones. This can be of great use to the CEO in replacing the managers who are not performing their work according to the company's expectations. The workers can be evaluated objectively using the objective evaluation method. The evaluation of employees should be done objectively, based on goals that have been set by the beginning of the assessment period. This will enable the managers to evaluate the employees of their specific departments.



The objective method of evaluating employees will be very useful to the company because it can be used to bind groups of employees who work in a similar environment with similar qualifications, objectives and standards. This will help gauge the performance of the employees as a whole for the objectives set without having to result to direct comparison which demoralizes them. Every employee should be given a clear set of objectives to be met in their specific departments and category. Performance is evaluated over time and the final performance is graded and compared with the performance of the other employees from the various departments and categories. The managers can then compare the ratings of their employees and determine whether the overall set of objectives and standards have been met as well as determining the areas that need to be improved.

The managers can effectively carry out objective assessment of the worker's performance by writing the goals for individual workers. A good example is the marketing department where the marketing manager may give the employees of the marketing team the set goals and targets to meet in selling a particular product at a specified time (George, 2010, p.7). This determines effective grading because it is accurate in showing whether and employee has met the set goals or not. It also determines whether the employee has overachieved. The grade to be awarded the employees is therefore accurate and reliable. This is an indicator to managers that they should set realistic and achievable goals for the employees.

The company needs to get an overall picture of the performance of the whole workforce. They should conduct team evaluation, which is a very effective method of determining whether the company has met the overall goals, standards and objectives as stipulated in its the vision and mission statement.

The company's board of managers must come to an agreement that no company secrets should be leaked to the employees or other people who are not privy to such information. Many of the problems the company faces at the moment can be traced to leaked company secrets concerning key management decisions. The CEO should ensure that the managers keep confidential information to themselves because when it reaches the employees, the analysis of these reports can cause a lot of dissatisfaction and a feeling of dejection among poorly ranked employees. This has subsequently lowered their morale. Some workers would have improved if they had not prematurely known their rating from leaked management information.

The reward system is very wanting and should be streamlined to accommodate everyone in the company. The poor performers may not be eligible for promotion but they should be considered and an alternative form of rewarding system identified to make them feel as part of the team in order to motivate them to improve on their performance. The profit the company makes in a given financial year is the collective effort of the entire workforce. The attention of the CEO should be drawn to this obvious fact and act accordingly by instructing the finance manager to reflect the financial rewards to all employees in the company's budget.

The management needs to desist from issuing the bottom quarter with raw threats of sacking and instead find ways of assisting them to improve. Threats only make the workers feel threatened and apprehensive. Performance tends to become more and more dismal if the employees are under threat and this should be stopped immediately if the company is to make any meaningful progress in improving performance and avoid unnecessary losses of employees. It is unfair practice to target a specific group of employees and in this case the ones who are not in the union. This amounts to victimization and ill will on the part of the person making the sackings. All employees should be given a fair chance to argue out their case and show cause why they should not be laid off.

#### Conclusion

The performance evaluating system of the Red Square Industries is a good initiative. It has managed to instill a sense of seriousness within the workforce because every employee wants to climb up to the next level by putting more effort in their work to improve their performance. The program is however facing serious problems that have to do with its implementation (Human Resource Management, 2010, pp.12-14). It is quite clear that the program was implemented in the wrong way. The management erred in making it a human resources exercise (The Financial Express, 2010, p.21). Rating employees ought to have been an all inclusive exercise with all the departments taking part in the rating system. Information about the rating should be kept a secret of the management and the employees should not be let to know to avoid stigmatization of those at the bottom (Trickett, 2010, p.12). Terms of service should not be discriminatory.

Salary increment and bonuses should be awarded fairly and certain group dismissals ought not to target a certain group of employees; the ones out of workers union.

Alternative means of rating the bottom quarter should be devised to improve their morale so as to improve their performance (Human Resource Management, 2010, p.13). New employees are disadvantaged by being rated with employees who have already been tested and failed and instead should be grouped as trainees and rated after a considerable period of observing their performance.

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