

## Appraising Management By Objective (MBO) And Behaviorally Anchor Rating Scale During COVID-19's Telecommuting Drive

Muhammad Thoha<sup>1\*</sup>, Hari Susanta<sup>2</sup>, Sri Suryoko<sup>3</sup>, Nelly Rhosyida<sup>4</sup>, Tuti Nadhifah<sup>5</sup>

<sup>1</sup>Universitas Diponegoro, Indonesia

<sup>2</sup>Universitas Diponegoro, Indonesia

<sup>3</sup>Universitas Diponegoro, Indonesia

<sup>4</sup>Universitas Sarjanawiyata Tamansiswa, Indonesia

<sup>5</sup>Universitas Muhammadiyah Kudus, Indonesia

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### Abstract

Measurement of performance and achievement of an employee is a necessary part in human resource management to properly evaluate the work that an employee has done in the company. However, with the outbreak of COVID-19, the traditional evaluation cannot be done by supervisors in real time and space in the common office space shared between them and the employee. Instead, the pandemic has created measures such as telecommuting regulations that force many employees all around the world to do their assigned task within their own respective residence to reduce the risk of further infection. It is therefore prudent to explore ways to continue employee valuation in this new situation. This paper thus seeks to re-explore two popular methods: Management Based Objective (MBO) and Behaviorally Anchor Rating scale (BARS), to find out their viability during this pandemic period and post-COVID 19 period by their description, specific method, and previous studies relating to them.

**Keywords:** Works from Home, Evaluation Methods, Management Based Objective, Rating Scale

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### Introduction

Human resources management has very vital role for a company. One of the important activities of human resource management is employee performance appraisal. Every company wants employees who have the performance according to the standards set by the company before or even exceed them. By doing a performance appraisal to employees, it will provide an overview of the company as to what employee behavior is related to their work as well as information regarding compensation, training and development, employee promotion, and others.

Siti Noni Evita and colleagues explain the importance of performance appraisal in their case study on Qwords Company International. She notes that by conducting an effective employee performance

appraisal, the company is able to optimize the competence of its employees in order to achieve company goals. In addition, employee performance will also be optimal because employees will be motivated to perform better from day to day. This also applies to the opposite; ineffective employee performance appraisals will result to many negative impacts on the company. Starting from the emergence of employee complaints, a decrease in employee motivation, to the high intention of employee turnover (Evita, et al., 2017).

Generally, companies perform their performance appraisal with top-down approach, meaning supervisor evaluates their staffs' effort and dedication with little to no input personally from the subject in controlled environment of the company's office. The emergence of COVID-19 pandemic last year however, made this traditional approach close to impossible for many companies.

Originated from the Wuhan province of China in November 2019, the high infection rate of the disease has forced the World Health Organization (WHO) to urge governments around the world to withstand the health emergency with several drastic measures, one of which was the nationwide lockdowns in many countries (WHO, 2020a). Such drastic measures are aimed to reduce person-to-person contacts in an attempt to curb virus transmission, which in-turn, made it mandatory for workers to stay at home and work remotely whenever possible. These measures include both organizations that have experience in teleworking, as well those have no experience with it. This resulted in the most extensive mass teleworking experiment in history. It goes to say that even though the number of people who remote-work on a part-time or a full-time basis has been gradually increasing over the years (Eurostat, 2018), the adoption of teleworking arrangements by employers has been fastened by the pandemic.

Government-issued stay-home orders has resulted in approximately 4 in 10 employees in Europe to telework (Eurofound, 2020b). The most increase in teleworking can be seen in countries that were hit the hardest the virus, as well at places where teleworking were adopted before the pandemic. Take for example, in Finland, where close to 60 percent of employees adopted telework from home. Furthermore, it can be seen that in Luxembourg, the Netherlands, Belgium, and Denmark, more than 50 percent of workers readily adopted telework from home. On the other side, telework have not gained a majority in Ireland, Austria, Italy, and Sweden, where only about 40 percent of employees adopted teleworking at the onset of the virus global transmission. One thing that set the last cluster of countries apart, is that fewer workers had cuts in their working hours. Teleworking as a measure can also be observed in in other parts of the world, in which governments have also urged employers both in the private and the public sectors to instill teleworking, in order to bring down commuter density in large cities, creating an environment of physical distancing, and ultimately reducing virus transmission (International Labor Organization, 2020).

This great shift to telecommuting has brought major change to many economic sectors, with a significantly higher number of works nowadays can be performed without physical presence than before., but with it a great shift in performance appraisal within these sectors as well, as they adapt to a work hour that are less regulated and less personally observed by their supervisor. The most common change that came from this is that measurements of employee performance are shifted to be purely appraised in terms of output or results, as such outputs became the most visible object of interaction between the employer and the employee. In a way, this reduces the visibility of "processes" such as

research, self-training, and dealing with technical problems or equipment failures, as well as attempts on work such as early drafts, fruitless endeavors, abortive innovations from the employers. This phenomena in-turn has been noted to result in adverse effect on the relationship between the two, as well as the compensation for their work. For example, promotion rates of home workers' have been slashed by half due to perceived performance declines as employers could not judge the effort nor the situation faced by the employee during their assignment (Bloom, 2013).

As each company differ in their culture, environment, and goal, it is prudent to re-evaluate the methodology of the performance appraisal is conducted, as well as analyzing their viability and drawback in this pandemic period. This paper would thus seek to re-explore two common yet "opposing" evaluation methods: Management Based Objective (MBO) and Behaviorally Anchor Rating scale (BARS), to determine their viability to appraise performance during this pandemic period, as well as Post-COVID 19 period, through an analysis of their description, specific method, and previous studies relating to them.

### **Methodology**

In this paper, the researcher performed a qualitative descriptive research. Qualitative approach is more to describe the data that has been collected and obtained. After such, words or pictures are formed rather than numbers. In a qualitative approach, much of the focus is on human relationships so that this approach is identified with professional knowledge and clinical knowledge. In conducting qualitative research, there are also many interpretations made by researchers. So that humans become the main instrument in research. Humans are also researchers, objects of research, and concurrently become parties who interpret research. In qualitative research, there are several characteristics, one of which is having a scientific background; and raise questions such as why as well as what.

In this qualitative research, humans are the main source. Where humans have an important role in conducting research, research objects and also become actors who play a role in interpreting research. The data in this research is used to answer the formulation of the problem that have been made by the researcher. Therefore, the data taken were taken from books, journals, news, and other documents related to this research.

### **Literature Review**

#### **The Need for Employee Assessment**

There are many views regarding the definition of performance appraisals or performance appraisals. Dessler in Human Resource Management explained that performance appraisal can be defined as follows: "Performance appraisal means evaluating an employee's current and / or past performance relative to his / her performance standards" (Dessler, 2013). In addition to the definition of performance appraisal, Dessler also states that: "Effective appraisal also requires that the supervisor set performance standards. And it requires that the employee receives the training, feedback, and incentives required to eliminate performance deficiencies." (Dessler, 2013) As for other opinions regarding the notion of performance appraisals expressed by Mathis and Jackson who remarked that: "Performance appraisal is

the process of evaluating how well employees do their job when compared to a set of standards, and then communicating that information on employees” (Mathis & Jackson, 2006).

From these two definitions that have been put forward by the previous experts, it can safely be concluded that, employee performance appraisal is a series of activities evaluations carried out systematically by the supervisor/employer on the performance of an employee, that is by comparing their respective actual performance with the standard performance that has been previously set by the management of the company, generally accompanied by providing feedback in the context of the employee future development.

- Reasons for Conducting Performance Appraisals

There are several reasons why companies conduct performance appraisals for their employees. According to Dessler the reasons companies conduct performance appraisals for their employees is as follows:

- a. Based on a practical view, most of the employee's payment and promotion decisions are taken through the employee's performance appraisal.
  - b. Assessment plays an integral role in the performance of the company's process management. Assessment can translate the strategic goals of the company into specific employee goals.
  - c. Assessment provides superiors and subordinates to develop a plan to correct various deficiencies, and to reinforce things that subordinates have done properly and correctly.
  - d. The assessment will help a useful career planning goal. The assessment is a way to review an employee's career plan within the scope of these strengths and weaknesses.
- Performance Appraisal Methods There are several methods that companies can apply in assessing the performance of their employees. (Dessler, 2013)

#### Using Management by Objectives for Employee Assessment

The use of the concept of Management by Objectives in performance evaluation first put forward by Douglas Mc Gregor in 1957. He criticized the traditional performance evaluation, which at that time focused on the personality and personal traits of employees in the articles. He suggested changing the system and using the concept of Management by Objectives. Performance assessment employees using the Management by Objectives method requires employees to draft short term goals and then discuss them with manager. If accepted by the manager, the target becomes the benchmark for assessment the performance of these employees(Evita, et al., 2017).

Employee performance appraisal using the Management method by Objectives can be implemented on jobs whose output can be measured quantitatively, like a marketing employee, their performance can be measured one of them by calculating the number of sales. Management of objectives (Management by Objectives), requires para managers to set specific measurable goals for each employee based on the results of discussions with these employees, then periodically discuss progress on these goals. Application of the Management by method Objectives consist of six steps(Evita, et al., 2017).

Here are the steps for applying the method Management by Objectives in assessing employee performance:

- Setting organizational goals. Draw a plan on an organization-level for next year and provide company-specific goals based on the company's strategic plan.
- Setting department-level goals. Then, the heads of departments should pick company-goals (such as increasing profits from 2019 by 15%) and, in their capacity as the head of their departments, should translate the company-goals to departmental objectives they deem feasible.
- Discussing departmental goals. Heads of departments should discuss the department-level with subordinates, usually at a whole department meeting. The heads should inquire employees to set their initial individual goals in an independent manner; in other words, each employee should measure and set their own contributes on their departmental goals.
- Defining the expected end-results (setting individual goals). The heads of departments and their subordinates should set the terms of individual performance targets.
- Reviewing performance. Heads of departments compare actual and target performance of each employee.
- Provide feedback. Heads of departments and employees discuss and evaluate recent progress made.

Referring to research conducted by Tosi and Carroll (2003) it seems clear that the Management by Objectives method has advantages for employees and the company. At its most face value, for employees its main advantage is an increased sense of involvement and understanding of organization goals and that the sense of trust that grow from knowing that they will be judged not on the basis of personal relationships or prejudices of superiors, but based on how well they achieved the targets they themselves had help define it. In short, using this method is deep assessing employee performance is considered more objective.

Application of assessment employee performance using the Management by Objectives method involve all employees in setting the goals the company creates company goals become more realistic, communication can also be maintained so help the company to better achieve its goals and customers employees are more aware of what their boss expects

There are limitations to Management by Objective however:

- It relies on a presupposed fixation of individual responsibilities,
- The differing individual goals of the employees are difficult to compare, resulting in equally difficult appraisal of ratings,
- It relies on a fully committed and involved top management.
- It relies on a certain level of trust and workplace democracy throughout the hierarchy, as the top management could impose Dictatorial rather than participatory development of management objectives.
- It is less applicable in routine jobs.

### Using BARS for Employee Performance Appraisal

Performance appraisal method with the Behaviorally Anchor Rating Scale model is an assessment method that combines work behavior approaches with personal traits. The Behaviorally Anchor Rating Scale method consists of a "series", 5 to 10 vertical behavior scales for each performance indicator. For each dimension, arranged 5 to 10 "anchors". The anchor is the behavior showed at the performance for each dimension. The anchors are arranged from that the highest value to the lowest value. The anchor can be a critical incident obtained through a job analysis (Evita, et al., 2017).

This method generally composed by a team of HR, managers and employees. This team is in charge of identifying characteristics of the performance dimensions and identifies 5 to 10 events specific to every dimension. Then, that particular incident is reviewed and assessed by all team members. The selected special events are then placed on that scale the highest to the lowest scale (Evita, et al., 2017).

The Behaviorally Anchor Rating Scale method in its implementation at least requires five stages, namely:

- Supposing a critical event: This is performed by inquiring an expert at the job (incumbent and / or supervisor) to describe specific illustrations (critical events) of effective and ineffective performance, which is performed by means of position analysis.
- Developing performance: At this stage, the described events are grouped into smaller groups of dimensions of work and are defined on different dimensions, such as "sales skills".
- Reallocating events: Another group of experts of the trade then would re-asses the critical incident from the beginning. They define groupings and critical events, and should re-assign each event to the group they think is the most corresponding.
- Scale the event: The behavior taken in the incidents would be ranked based on their efficiency and effectivity. Every behavior represents performance in their respective dimensions.
- Developing the final tool: Choosing between five to ten events as a standard operating behavior of that dimension.

Implementation of employee performance appraisal using the method The Behaviorally Anchor Rating Scale does have a weakness, which is time consuming when compared to other assessment methods, but the Behaviorally Anchor Rating Scale also has several positive sides, namely:

- More accurate measurements: The people who developed the method Behaviorally Anchor Rating Scale are those who are experts in the HR field apart from it involved people who knew the job and its requirements better than everyone else. This should result in job performance with good accuracy.
- Clearer standards: Critical events along the scale explain what is to look for with regard to superior performance, average performance and so on.
- Feedback: Critical events make it easy to explain the rank at which is assessed

- Independent dimension: Systematically group critical events into five to ten job dimensions (such as "sales skills") should be helps to make the performance dimensions less related to one another. For example, appraisers prefer not to give high ratings to employee in all dimensions simply because he was ranked highly in the "Selling skills"
- Consistency: Performance appraisal based on the Behaviorally Anchor Rating method scale also appears to be consistent and relatively reliable, because judgments given by different assessors to the person who will tend to be the same.

At the growing research-literature-level, BARS have received praise for their resourcefulness as a tool to provide a feedback mechanism. At the same time though, BARS have also been criticized for psychometric reasons and research design consideration.

### The Context of Telecommuting

In Defining Telecommuting, Patricia L. Mokhtarian remarked that despite its increasing popularity, definitions of telecommuting are as diverse as the context in which it is being practiced or considered. In essence, telecommuting can be defined as using the growing telecommunications technology to partially or completely replace the physical presence of a worker to perform their work. But there are other definitions that aren't always consistent. Example include:

- "Telecommuting" is often used interchangeably with "working from home". Yet there are several varieties of working from home, including home-based businesses and overtime work that are not commonly considered telecommuting. And telecommuting need not be home-based; in fact, there is a satellite/local work center variation of telecommuting.
- Telecommuting is also often equated with teleworking, that is the use of telecommunications-related technology to conduct work. But we must also consider that not all teleworking (for example, teleconferencing) replaces a physical presence for work. This then goes to show that in fact, teleworking may or may not replace travel at all.

Therefore, Patricia offers the definition that telecommuting can be considered as work that is performed by an individual while being at a different location than their direct supervisor / those they are supervising, and/or paying for their work. Patricia also particularly emphasized that the focus of telecommuting is on the individual worker, not on the firm (Mokhtarian, 1991).

Regarding its criteria, Patricia believes that the word itself suggest two main criteria for deciding whether an arrangement can be considered as "Telecommuting:

- tele (translate to far or distant): is the worker physically distant from the primary worksite -- i.e., the location of the supervisor?
- commuting: is commute travel reduced or eliminated?

When using such criteria, Patricia believes that a remote work would be considered telecommuting when it involves a sort of remote management mechanism and a reduced physical commute. By this definition, telecommunications may not be needed at all by telecommuting. For example, an employee who reads and writes all day without using a type of telecommunications technology, can be considered

as performing telecommuting just as an employee who is connected to a mainframe during their working hours. In practice, it is most likely that at least a telephone will be a necessary tool for telecommuters as well-planned telecommuting programs stress the importance of frequent communication with the primary office and others (Mokhtarian, 1991).

### **Analysis**

In trying to find out the methods viability during this pandemic period and Post-COVID 19 period, it is imperative to understand how the methods work during normal pre-covid condition. This part would list several examples of past research done to the implementation of respective methods as well as the summaries of each research:

#### **Implementation of MBO**

First, "The Effects of MBO on Performance and Satisfaction in a Public Sector Organization", researched by Kenneth R. Thompson and colleagues, examined the effects of MBO towards the quantity and quality of performance and satisfaction with the work and supervision among employees in a human services agency. The research was done by the examination of three of the six regional offices of a state human services agency whose responsibility was to deliver vocational rehabilitation services. In the research, a region was selected as an experimental group, while two regions were combined and were regarded as the control group. The supervisors in the regional offices were involved, with a total of 12 of them included in the examination and training (Thompson, et al., 1981).

The combined measures deemed to have yielded significant improvements in the regional offices. MBO was linked with increases of supervision satisfaction, but it fell short of increasing work satisfaction, as well as performance in terms of quantity. Thompson then concluded that MBO seemed to be effective even within the restrictions of a highly structured but vague organizational objectives of state government agencies. This is coherent to the principles of effective MBO program at any level, which aims to provide observable and measurable indices of performance.

Second is William J. Roth. His research on W.L. Gore and Associates' as well as Bridgeport Paper Company found that MBO might be too stifling for the supervisor to discern between multiple employees' contributions to sales growth, reports compilation, or in designing a more effective accounting procedure. Roth admitted that while MBO is good for employer to maintain control over its employee and setting a good and accountable target and goals, it feeds into competitiveness of each individual and could hamper the team-effort (Roth, 2009)

#### **Implementation of BARS**

The usage of BARS is researched on U.S Marine Corps Performance Evaluation System done by Major James W Murphy. He noted that the traditionally used Fitness Report does not provide feedback useful to subordinates, and the MBO methodology of which the report is based on was deemed to be too unstructured, which left the personnel reluctance to seek counsel remained unchecked and uncontrolled. Behaviorally Anchored Rating Scales (BARS) was then proposed as an appraisal instrument ideally suited to provide feedback.



From several points he later discussed in his paper, he founds that BARS, alongside the previous performance evaluation systems fulfill criteria he outlined in his papers as it fulfills its task as an instrument for individual development purposes and performance coaching/ counseling tool. He appreciated the fact offer several advantages that comes from developing BARS: It is identification of major job components, clear and unambiguous language thanks to job knowledgeable persons participated in the development procedure, ability to pinpoint employee behavior, reduction of disagreement between rater and ratee, and improvement of performance, all of which helped fulfill the criteria he has set up to meet.

In the end, Major Murphy concluded that BARS unique focus on behavior have facilitated the senior's ability to provide context-specific and descriptive feedback to subordinates, which in-turn have demonstrated BARS to be superior to other performance appraisal formats in leading to improved performance. However, such example alone has not thrust BARS to be the gold-standard for performance appraised problems or work-motivation problems. Major Murphy suggested that efforts to improve BARS should be undertaken with caution and healthy distrust of initially favorable results. He cautioned that since Marine Corps are people-oriented service, and since BARS are a people-oriented concept, BARS appear to have great potential in the Marine Corps, but even then, it doesn't necessarily translate to necessity to implement BARS to all Marines, only those who failed or underperform in achieving goals (Murphy, 1980).

Second, Walter C. Borman and W. Robert Vallon investigate the relative effectiveness of a behavioral expectation rating scale applied in a setting different from the one in which it was developed. To accomplish this, the performance of Smith and Kendall's original Behavioral Expectation Scale was compared to the performance of a less complex numerically anchored rating format using five dependent variables seen as important for judging rating scale effectiveness. The dimension names and definitions were the same for both formats, but the simpler scale did not contain the behavioral anchors found on the BARS format. Its research found that not only BARS performance was more-or-less equal to its counterpart, there was significantly less leniency effect when simpler scale was used, which led raters to be better able in discerning among different ratees' performance. It was concluded that the effectiveness of scaled-expectations format may suffer when a behavioral expectation scale is transplanted from one setting to another. This is since raters did not participate in scale development and/or certain anchors are inappropriate for the context-specific situation (Borman & Vallon, 1974).

This is relevant in how saw in the pre-covid situation, MBO and BARS have their own advantages and disadvantages. In telecommuting situations, it can be concluded that companies must take reforms in accordance with the conditions and environment as well as the orientation of the company. Companies that are more people-oriented and can interact more directly may be able to use BARS to more in-depth assess the attitude of workers, but the risk is that BARS requires a more difficult formulation because it requires experts in the formation of assessment factors, and also requires interaction that is more difficult. more often, that might actually be a hindrance when a covid situation forces supervisor to only interact via the internet as past research has shown that higher-quality relationships with teammates decreased job satisfaction of teleworkers because of frustrations with exchanging interactions via technology

During the pre-covid19 situation, MBO and BARS have their own advantages and disadvantages. But, as telecommuting became the norm, it can be concluded that companies must make their own reforms in accordance with the prevailing conditions, environment, as well as the general orientation of the company. Companies that are more people-oriented and can interact more directly may be able to use BARS in a more in-depth way to assess the attitude of workers, with the risk that BARS requires a more difficult formulation, since it requires experts in the formation of assessment factors, and also requires interaction that is more difficult. More often, such may actually be a hindrance when covid situation forces a supervisor to only interact through the internet as past research has shown, that a higher quality relationship with teammates could not be cultivated and led to a decreased job satisfaction of teleworkers due to frustrations of exchanging interactions through technology alone.

Though with the current limitation one may think to just adapt MBO, it should be noted that Roth's observation regarding the MBO's limitation may very well be execrated, as there is past research that has shown telecommuting to adversely affect worker's cooperation with the team and pressure to produce more output.

### **Conclusion**

With the rise, and sometimes mandated, telecommuting, a method is needed to assess workers in accordance with the existing reality where supervisors can no longer assess and interact directly and easily with their workers. There may be a perceived drop in productivity for the first few months of implementation. This drop may occur as both employees and managers are adjusting to the new work regiment. Additionally, this would obviously affect traditional managers who are accustomed to managing by simple observation, which would then result in obstacles in organizations that attempt to adopt telecommuting. Furthermore, issues may also arise from liabilities and workers' compensation, which can later affect more issues further down the line, such as with job performance and absenteeism. It is thus imperative to find a new employee performance appraisal method. The 2 popular methods, MBO and BARS have its own advantages, but COVID-19's limitations may hinder or even exacerbated its disadvantages even further. In the end, supervisor must take reforms in accordance with the conditions and environment as well as the orientation of the company.

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