

common sense performance appraisals

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Is any organizational event more filled with dread and anxiety than the annual performance review? Supervisors dislike preparing them. Employees are averse to getting them. Most everyone involved is uncomfortable with the appraisal process. Yet, nearly every study on performance management supports the notion that organizational competitiveness is improved when employees receive objective performance feedback on a regular basis and have a good understanding of their contributions to the company's mission. In spite of this, performance reviews are often too lenient (giving employees an inflated review of their contributions) or too harsh (where emphasis is placed on the employee's shortcomings). After conferring with experienced HR professionals in multiple industries and conducting a

review of academic literature, the authors offer the following observations on performance appraisals with suggestions for creating a reliable process within your organization.

Purpose of Appraisals

First, understand that performance appraisals serve several important functions. Employees need periodic feedback to ensure that they are meeting expectations. They derive ego gratification from knowing that they are satisfying the responsibilities for which they were hired. This, in turn, provides a motivational incentive to persist in performing well. In situations where employees are underperforming, the appraisal presents an opportunity to receive clarification on performance standards and a path toward improvement. Appraisals are also used to help make administrative decisions. The outcome of a

review helps to determine which employees merit promotion, those who need training, and other human resource matters. Simply put, periodic performance reviews are important for optimal organizational functioning.

Second, recognize that a wide variety of performance appraisal systems exist, each with benefits as well as limitations. Some appraisal formats measure individual traits such as reliability and collaborative skills. Others emphasize results such as attainment of a sales quota. Still others target employee behaviors (e.g., providing a friendly greeting to a client). However, employees are much more diverse than most appraisal systems can accommodate. When one considers that the Myers-Briggs assessment categorizes individuals into sixteen different personality types and the Five Factor

Personality Test provides assessment scores with millions of possible permutations, it is easy to appreciate that one size does not fit all when it comes to a performance appraisals. As much as practical, supervisors should try to tailor performance reviews to each individual and the situation at hand.

What does that mean? It means knowing the people you supervise and how they interrelate with others. Produce thoughtful, well crafted, written assessments for your more traditional employees - those who value structure, tradition, order, and detailed planning. To those individuals, a written appraisal serves almost as a ritual marking of time. They value the time taken by the supervisor to recap, explain, and assess the employee's contributions. For others in the organization - those who favor engagement and relationships, it is the spoken word, collegial tone, and face-to-face time with the supervisor that is valued more than the written word. These participative employees seek discussion, empathy, and the opportunity for explanation and give and take. Take plenty of time to discuss the appraisal with these individuals. Still others - those more individualistic - place minimal value on the written appraisal or the verbal review. These individuals are more personally motivated. They do what they deem to be important and generally in the manner they feel is appropriate. Merely covering the basics of goals

and results is sufficient with these employees. Instead of a thorough review of the past, these independent thinkers live more in the moment.

Use caution when using a performance appraisal system that incorporates numerical scoring of employee performance. Many numerical systems use Likert-type scales that rate employees on a 3 or 5-point gradient. Typically, these rating scales assign low values to poor performance or failure to meet expectations and high values to excellent performance or to employees who exceed expectations. Both managers and employees have difficulty associating a single number to employee performance. Employees can become frustrated when the manager cannot provide a clear explanation of why their performance merited a specific numerical rating. Managers, on the other hand, might inflate a rating to avoid a difficult conversation regarding their performance. In a recent Harvard Business Review case study, one company implemented an objective evaluation system that required managers to perform a comparison between the individual employee and co-workers with the same job description. The managers used a five-point rating scale where "significantly below others" was the lowest rating (1) and the highest rating (5) when the employee's performance was "significantly above others." At the end of the evaluation period, all managers rated their employees as either a 4

or 5 - it turns out that this organization had no average employees. This example highlights two important points. First, the focus should not be on the rating but rather on the communication that ensues between employees and managers as part of the evaluation. This interaction provides an opportunity to clarify the alignment between organizational objectives and the employee's personal goals. The second point is that numeric ratings provide greater value to the performance appraisal process when they are related to quantitative, results-based job duties. Objective measures that are within the employee's span of control, such as budget, schedule, or quality objective may be easily evaluated with numeric rating scales. Other rating formats should be considered when the goal is to provide feedback or a comparison to others along with a development plan. When the supervisor and employee have a significant gap in opinion about performance, it may be more effective to utilize an integrated multiple source or multi-rater feedback process such as a 360-degree evaluation. A multi-rater performance evaluation process mitigates the limitations inherent in a single rater system and avoids the problems associated with numerically measuring individual traits and behaviors.

Third, realize that your preparation and attitude set the stage for either trust and employee buy-in or anxiety and defensiveness

during the performance review. With good prior efforts at organizational and individual goal alignment, the supervisor's objective can be one of promoting the mutual success for both. Competitive value is enhanced in organizations that cultivate high performance through ongoing performance feedback. Likewise, intrinsic rewards accrue when organizational members have opportunities to fully harness their talents. These mutual benefits are predicated on the assumption that the purpose of the performance review is to provide developmental feedback to employees. However, potential gains may be at risk if the review is directly linked to personnel actions such as salary increases, promotions, and the like. Performance reviews that emphasize employee development are different in both tone and function than reviews that put an emphasis on administrative decisions. The former entails a coaching mindset whereas the latter takes on a judgmental character. Experienced supervisors know that every employee has certain strengths and weaknesses. Since supervisors typically control work assignments, employee success can be facilitated by playing to each individual's strength and minimizing assignments that rely on weak skills or aptitude. If your objective is to leverage the talents of your employees and create competitive value, it is wise to remember your role in the employee's success and to keep personnel actions independent of the performance review.

Next, consider the often overlooked factors that may affect employee performance. Employee performance is not determined solely by employee competencies and effort; situational factors beyond the control of employees may significantly affect results. Some of the more glaring impediments include equipment breakdowns, limited resources, and troubled relationships with colleagues and superiors. Other, more subtle obstacles affecting performance reviews include supervisor's perceptual errors, subconscious biases, and attribution errors. It is easy to correct for obvious external constraints such as equipment malfunctions when appraising employee performance. Perceptual errors and attribution judgments, on the other hand, are more insidious. Even when no deliberate ill will is intended, subconscious processes may result in less favorable evaluations for employees who differ from the supervisor in certain demographic characteristics such as age, gender, national origin, racial background, or linguistic style. Such errors can be corrected with proper training and by incorporating a mutual feedback process during performance reviews so that employees are permitted to contribute their perspectives about their performance.

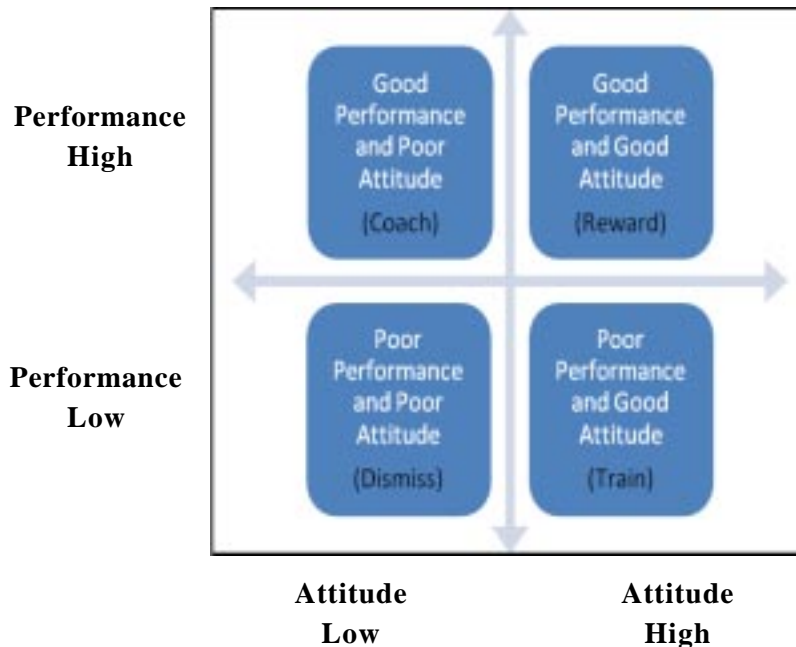
Additionally, stay on top of the annual appraisal by eliminating surprises. The performance discussion should be an anti-climactic summation of months of performance feedback. The One

Minute Manager by Blanchard and Johnson provides useful tips for keeping employees apprised and engaged in their work. First published in 1982, it is still well cited in performance management literature. It is a widely supported tenet that the performance review should be a residual summary of prior interactions between the employee and supervisor about the employee's ongoing progress and future potential.

Follow-Up

Supervisors should follow-up with appropriate action as the result of the employee appraisal. Though perhaps obvious to experienced hands, research by Quint Struder and others emphasizes several proven strategies for managing employee performance. Effective supervisors reward employees for good performance and good attitude while poor performance and attitude are confronted and addressed. The following illustration is a helpful summary of the results of a performance appraisal and the appropriate strategy to be taken by the supervisor. When work accomplishments (performance) and an employee's attitude are both assessed as good, the appropriate management action is to reward and retain the employee. If work performance is good but the employee's attitude is poor, efforts should be made to coach the employee toward improved morale. If performance is poor but the employee has a willing attitude, training should be

Performance Management Strategies



provided to improve performance. Lastly, if both performance and attitude are poor, consider helping the employee to transition to a job more conducive to his or her potential success.

Keep in mind that the scope of the performance review directly affects employee behavior. Performance is determined in part by rewards. Those facets of performance that are contingent upon desired rewards are the ones more likely to be addressed. Likewise, duties and responsibilities that are neither evaluated nor rewarded receive little attention. Too often, employees receive mixed messages that are, at best, confusing, and are apt to create skepticism and mistrust. For instance, rewarding a difficult employee who disregards the importance of teamwork with an individual bonus creates confusion for employees while signaling to the offender that individual results are more important than team effort.

Thus, it is important to take into account all desired tasks and responsibilities into the performance appraisal and to reward those behaviors which are valued without recognizing behaviors that are questionable. This is a challenge for even the most experienced supervisor.

In summary, performance reviews need not be a source of dread and anxiety. When managed properly, performance appraisals benefit both organizations and their employees. An effective performance appraisal process means that supervisors know the intended purpose(s) of conducting employee reviews, tailor their delivery to individual employee attributes, separate developmental feedback from administrative decisions, determine the appropriate format to use, consider all factors that influence

employee performance, and take action based on the relationship between employee performance and employee attitude. These best practices will make for an efficient and pleasant performance management process.

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