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Recommendations for Improved Performance Appraisal in the Federal Sector

Alma G. Steinberg and William P. Burke

Leadership and Management Technical Area
Manpower and Personnel Research Laboratory

*Supplement
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review of the performance appraisal literature was conducted and federal-sector subject-matter experts were interviewed. The recommendations derived from the literature review and interviews were organized around the following nine themes: legal requirements, user perspective, the role of top management, appraisal as a management tool, linkage to organizational goals, adaptation to organizational needs, system perpetuation, training, and ease of use.

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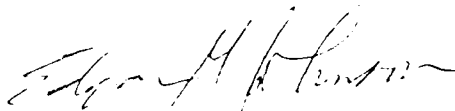
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FOREWORD

The purpose of this research was to identify effective features of performance appraisal systems that might be considered for inclusion in the Department of the Army's performance appraisal system for civilian personnel. Since this system is required by law to meet the same design and functional requirements as other federal performance appraisal systems covered by the Civil Service Reform Act of 1978, the approach taken was to both review the literature on performance appraisal and to interview subject-matter experts of other federal agencies in order to learn about particularly effective features of their systems. This report is likely to be of interest to both civilian and military managers, supervisors, and personnelists, within the Department of the Army and in other federal agencies, as it is concerned with performance appraisal, performance management, and accomplishment of organizational goals.



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Technical Director

RECOMMENDATIONS FOR IMPROVED PERFORMANCE APPRAISAL IN THE FEDERAL SECTOR

EXECUTIVE SUMMARY

Requirement:

To identify those features of performance appraisal systems that are particularly effective and that also meet the legal requirements for federal agencies covered by the Civil Service Reform Act of 1978.

Procedure:

Two approaches were used. The first was a review of the performance appraisal literature, with special emphasis on performance appraisal systems, or features of systems, which are consistent with the Civil Service Reform Act requirements. The literature included standard, current reference works in the field of performance appraisal, relevant original sources cited in these references, and all relevant articles from 10 personnel/management journals from 1982 through the present.

Since very little literature is available on current federal performance appraisal systems, a second approach was used to obtain specific information about effective features of these systems. More than 100 interviews were conducted with federal-sector subject-matter experts who had roles in developing, administering, monitoring, and/or evaluating their agencies' systems.

Findings:

Nine prescriptive themes for more effective federal performance appraisal systems are discussed. The themes, which emphasized the importance of using a systems approach in making performance appraisal work as intended, were as follows: (1) legal requirements must be met, (2) performance appraisal needs to be viewed as important and worthwhile by users, (3) top management backing is essential, (4) the performance appraisal process should be used as a management tool, (5) the performance appraisal process should be linked to organizational goals, (6) the performance appraisal system should be adapted to organizational needs, (7) system perpetuation should be planned, (8) training is essential, and (9) ease of use is important.

Utilization of Findings:

The findings of this study should be useful to management, supervisory, and personnel audiences in federal agencies covered by the Civil Service Reform Act of 1978. They will enable these audiences to understand their role in the federal performance appraisal system, how the system can facilitate the accomplishment of organizational goals, and what is needed to make it work.

RECOMMENDATIONS FOR IMPROVED PERFORMANCE APPRAISAL IN THE FEDERAL SECTOR

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RECOMMENDATIONS FOR IMPROVED PERFORMANCE APPRAISAL IN THE FEDERAL SECTOR

INTRODUCTION

The Civil Service Reform Act (CSRA) of 1978 directed specified Federal agencies, including the Department of the Army, to establish performance appraisal (PA) systems that would be used as a basis for training, rewarding, promoting, and removing employees as well as other personnel actions. In compliance with specific provisions of CSRA, the Department of the Army established the required PA systems for its various categories of civilian personnel (Army Regulation No. 690-900, 690-500, and 690-400).

Informal feedback from within the Department of the Army has revealed a lack of enthusiasm for the current PA systems. Army civilian PA is seen by many as overly complex, too time-consuming, and of uncertain value. Consequently, the Director of Civilian Personnel for the Army (Office of the Deputy Chief of Staff for Personnel), requested that the U.S. Army Research Institute (ARI) conduct research to identify the parameters of an improved PA system for the Army.

The research conducted by ARI in response to this request was designed to identify those features of PA systems which have been particularly effective and which also meet the legal requirements for Federal agencies covered by CSRA. Three approaches were used to accomplish this: a review of the PA literature, a survey to identify successful features of current Federal agency PA systems (see Steinberg & Burke, in press), and interviews with subject-matter experts.

This report is divided into two parts. The first is a method section that describes the literature review and interviews with subject-matter experts and the second is a synthesis of the findings organized around nine themes.

METHOD

This section describes the two sources of information upon which the themes and conclusions presented in later sections are based. The two sources are selections from the PA literature and interviews with subject-matter experts.

Literature Review

The literature in the field of PA currently is vast, and is growing at a rapid rate. Literally thousands of articles have been published on the topic within the last 30 years (Henderson, 1984). Consequently, an attempt was made to limit the review to literature emphasizing systems, or features of systems, consistent with CSRA requirements.

The literature reviewed includes a mix of empirical studies and expert opinion. Although the latter may be based on untested hypotheses, it is included because it represents the recommendations of experts in the field.

The review began with standard, current reference works in the field of PA (e.g., Baird, Beatty, & Schneier, 1982; Bernardin & Beatty, 1984; Conference Board, 1979; DeVries, Morrison, Shullman, & Gerlach, 1980; Landy & Farr, 1980; Latham & Wexley, 1981; McCall & DeVries, 1977). Then, original sources cited in these references were reviewed. Their selection was based on the relevance of their cited titles and content or their repeated mention in the literature. These sources, in turn, often suggested other pertinent references. In addition, recent (1982 through the present) volumes of frequently cited journals were searched for relevant articles. These journals included the following:

- o Academy of Management Journal
- o Academy of Management Proceedings
- o Academy of Management Review
- o Journal of Applied Psychology
- o Management
- o Management Review
- o Personnel Journal
- o Personnel Psychology
- o Public Personnel Management
- o Training and Development Journal

Interviews with Subject-Matter Experts

Very little literature is available on current Federal PA systems. Therefore, a survey of Federal agency subject-matter experts was conducted in order to learn about these systems. The survey procedures are described elsewhere (Steinberg & Burke, in press) but the results are considered here in conjunction with the rest of the literature reviewed. Its relevance in this section is that in the process of developing and administering the survey, and also subsequent to its administration, both formal and informal interviews were conducted with more than 100 subject-matter experts. These interviews are considered another source of information for the purposes of the present report.

The surveys were mailed to the members of the Committee on Performance Management of the Office of Personnel Management (OPM) Interagency Advisory Group (IAG). The members of that committee, each representing a different Federal agency, play a major role with respect to their agencies' PA systems.

They have responsibilities for developing, administering, monitoring, and/or evaluating their agencies' systems. Their job titles include Program Manager, Personnel Management Specialist, Agency Coordinator, Director of the Office of Performance Evaluation, Chief of Personnel Programs and Policy, and Performance Systems Officer.

The interviews were conducted in the following contexts:

- o Federal sector personnel managers intimately knowledgeable about PA were consulted for background information utilized in the design of the survey.
- o Additional Federal sector subject-matter experts participated in the pretest of the survey. During these sessions, participants related their ideas and experiences.
- o Telephone contact was made with each of the 88 IAG committee members to enlist participation in the survey. Many used this opportunity to air their concerns and recommendations regarding PA.
- o Followup interviews were conducted with a number of survey respondents to obtain more detailed information about their recommendations and also with other subject-matter experts recommended by the survey respondents.

Note that the interviews with subject-matter experts were not used to evaluate research hypotheses. Rather, they were used to elicit thoughts and ideas based on experience in the PA arena.

LESSONS LEARNED

Nine prescriptive themes emerged from the integration of the literature review and the interviews. These themes summarize the parameters of an effective PA system for Federal agencies under CSRA. These themes are as follows:

A PA system appears to work when:

- o legal requirements are met.
- o PA is viewed as important and worthwhile by the users.
- o top management backs it.
- o appraisal is used as a management tool.
- o appraisal is linked to organizational goals.
- o it is adapted to organizational needs.

- o it includes mechanisms for system perpetuation.
- o appropriate training is provided.
- o it is easy to use.

The section below contains a discussion of each of these themes in turn.

Legal Requirements Must be Met

The first lesson learned from both the literature review and the interviews is that a PA system must be designed with legal requirements in mind. Appraisal systems are being challenged in the courts with increasing frequency. This has led to an increased awareness of, and attempts to comply with, the legal constraints within which an appraisal system should be designed (Edwards, 1983; Schneier & Beatty, 1979). This awareness of legal constraints is heightened by the fact that the cost to agencies found in violation of the law can easily run into millions of dollars (Latham & Wexley, 1981). Three major pieces of legislation affecting the design of PA systems in the federal sector are discussed below.

Title VII of the Civil Rights Act of 1964. Title VII of the Civil Rights Act of 1964 (P.L. 88-352) prohibits discrimination in employment decisions. The result of court actions initiated under the provisions of this act have made it clear that PA is among the employment practices covered by it (Lubben, Thompson, & Klasson, 1980). Further, the Uniform Guidelines on Employee Selection Procedures (1978) provide that if an employment practice (e.g., PA) is shown to have adverse impact, the employer must demonstrate that the employment practice has been validated in accordance with the Uniform Guidelines. This validation must begin with a formal job analysis of the position in question (Lubben et al., 1980). "There should be a review of job information to determine measures of work behaviors or performance that are relevant to the extent that they represent critical or important job duties, work behaviors or work outcomes as developed from the review of job information. In view of the possibility of bias in subjective evaluations, supervisory rating techniques should be carefully developed; and the ratings should be examined for evidence of racial, ethnic or sex bias" (Uniform Guidelines on Employee Selection Procedures, 1978, p. 38300).

Prescriptions for PA systems typically include the recommendation for a job analysis not only as sound personnel practice, but also as a precautionary measure in case the system is challenged (Bernardin & Beatty, 1984; Heneman, Schwab, Fossum, & Dyer, 1983; Lubben et al., 1980). (A PA system lacking certain critical features, which include a job analysis, has been equaled to "a cocked gun pointed at the employer" Landy, 1985, p. 171.) Indeed, a court challenge may occur even in the absence of adverse impact. As Kleiman and Durham in their review of 23 Title VII court cases have concluded: "the court has shown interest in assessing performance appraisal systems regardless of their adverse impact" (1981, p. 103).

Civil Service Reform Act of 1978. The Civil Service Reform Act of 1978 (P.L. 95-454) and the OPM regulations which implement it (Office of Personnel Management, 1979) call for PA systems which include the following features:

- o At the beginning of each appraisal period, a performance plan should be written. This plan will contain:
 - the critical elements of the employee's job (i.e., duties and responsibilities of the job for which performance below the minimum standard requires remedial action and denial of a within-grade increase), and
 - the standards by which performance on these critical elements will be evaluated. The performance standards must be objective criteria related to the duties and responsibilities of the job. They may include, but are not limited to, factors such as quantity, quality, and timeliness.
- o Employees are encouraged to participate in the establishment of the performance standards.
- o No preestablished rating distribution is permitted, such as a forced distribution on a bell curve. Appraisal must be based on actual performance on the job and preestablished objective standards for performance.

Civil Service Retirement Spouse Equity Act of 1984. Title II of the Civil Service Retirement Spouse Equity Act of 1984 (P.L. 98-615) amends portions of Title V of the United States Code, dealing with PA systems. (The Title II portion of the act is based largely on S.958, proposed Civil Service Amendments of 1984, and does not deal with retirement or spouse equity.) This legislation and the regulations that implement it mandated the Performance Management and Recognition System (PMRS) to replace the Merit Pay system for Federal supervisors and managers, and modified and/or added specific features to the provisions of CSRA. These are as follows (Office of Personnel Management, 1985):

- o Training and information is now required for PMRS employees and their supervisors on the purpose of the Performance and Management Recognition system and how it works.
- o Uniform five-tiered summary rating levels for PMRS employees are specified. They are "Fully Successful," with two levels above it, such as "Exceeds Fully Successful" and "Outstanding," and two levels below it, such as "Minimally Successful" and "Unacceptable".
- o Performance of PMRS employees on assigned details of 120 or more days within or outside the agency should be taken into account in determining ratings. If details are within the agency, elements and standards must be written for it.

- o PMRS appraisal periods must end not earlier than June 30, and not later than September 30 of each year.
- o Joint participation between PMRS employees and their supervisors in developing performance plans is required. (For non-PMRS employees, it remains "encouraged.")
- o PMRS performance plans must be reviewed at a higher level in the organization and higher-level review of appraisals prior to providing ratings to PMRS employees is required.
- o A progress review must be held at least once during the appraisal period for PMRS employees.
- o One or more 6-member performance standards review boards should be established for each agency to review representative performance plans for quality of the plans and difficulty of the performance standards and to report and make recommendations to the head of the agency or designee. One half of the board must be composed of PMRS employees.

Although the above items refer specifically to PMRS employees, the regulations emphasize performance management and the linkage of PA to the accomplishment of organizational goals for non-PMRS employees as well. The term "performance management" is introduced and replaces the term "performance appraisal" in portions of the regulations. Although "performance management" is not defined separately, the term "performance management plan" is. That is the "agency's methods which integrate performance, pay, and incentive systems with its basic management functions for the purpose of improving individual and organizational effectiveness in the accomplishment of agency mission and goals" (Office of Personnel Management, 1985). Thus, the performance management system is an integrated management system; and the performance management plan includes the PA plan.

The emphasis on the linkage of PA to the accomplishment of organizational goals also can be clearly seen in the new Subpart D which has been added to the OPM regulations which implement CSRA (Office of Personnel Management, 1985). The stated purpose of this subpart entitled "Performance Appraisal for the Performance Management and Recognition System" is to "ensure that performance appraisal systems for PMRS employees are used as a tool for executing basic management and supervisory responsibilities by: (a) communicating and clarifying agency goals and objectives; (b) identifying individual accountability for the accomplishment of organizational goals and objectives; (c) evaluating and improving individual and organizational accomplishments" (p. 11791). The subpart requires that accomplishment of organizational objectives be included in PMRS performance plans by "incorporating objectives, goals, program plans, work plans, or other similar means that account for program results" (p. 11792).

Differing Legal Requirements for Civilian and Military Personnel.
Although it has been suggested by some that the Army Officer Evaluation Report (OER) might stand as a model for a civilian PA system, a civilian system cannot be adapted readily from the military due to the differing

requirements of legislation that cover each of these groups. Title VII of the Civil Rights Act of 1964 has been extended by the Equal Employment Opportunity Act (1972) to govern both public and private sectors (Bernardin & Beatty, 1984). However, by ruling of the Department of Defense General Council, Title VII does not cover military personnel (Eitelberg, Laurence, Waters, & Perelman, 1984). Also, members of the uniformed services are not covered by CSRA, since they are not considered "employed in or under an agency" (Performance Rating, 1977, p. 549). Instead, active duty military personnel are governed by Title X of the United States Code (Eitelberg et al., 1984).

The PA systems for civilians and military personnel within the Department of the Army reflect these different legal philosophies (see Table 1). The civilian system emphasizes the evaluation of the employees' behavior against the specific requirements of the job, whereas the military system evaluation incorporates attributes and competencies of the individual and comparison of the individual with others of the same rank (Department of the Army, 1985; Pelissero, 1984). Thus, for example, a GS-11 engineer is rated against the job requirements and performance standards for a particular job in a given department at a given installation, whereas an Army Captain engineer doing the exact same job is evaluated not only on performance of duty requirements (no prior standards provided), but also on (a) potential compared to all other Army Captains, and (b) competencies and attributes such as adaptability, integrity, moral courage (see Table 2). In the the military system, no guidance is provided in the regulations on what is meant by these latter dimensions (Department of the Army, 1985). Supervisors provide their own interpretations of "moral standards." In the civilian system under CSRA, in order to evaluate competencies and attributes, these must be stated in behavioral terms and shown to be specifically related to the requirements of the job. Determination of job-relatedness, however, must be based on a job analysis for the particular job in question. It is highly unlikely that one overall list of competencies could be used for all jobs (Pelissero, 1984).

Table 1

A Comparison of Some Components of Appraisal Systems under CSRA and the Army Officer Evaluation Report (OER)

<u>Appraisal System Component</u>	<u>Performance Appraisal Under:</u>	
	CSRA	OER
<u>Critical elements</u> that are job-specific and objectively defined at the beginning of the rating period	Required	Not Required ^a
Written, objective, job-related standards, defined at the beginning of the rating period, against which each rating is made.	Required	Not Required
Preestablished rating distribution	Not Permitted	Required ^b
Non-job-specific elements	Not Permitted	Required ^c

^a An element is critical if it is "a component of an employee's job that is of sufficient importance that performance below the minimum standard established by management requires remedial action and denial of a within-grade increase...Such action may be taken without regard to other components of the job" (Office of Personnel Management, 1979, p. 45590). Under the OER system, although job-specific elements may be defined at the beginning of the rating period, determination of criticality is not required.

^b The senior rater is required to assume a bell-shaped normal distribution for officer potential and then compare the rated officer's potential with all other officers of the same grade rated by the senior rater (Department of the Army, 1985).

^c Regardless of grade, position, branch, and specialty, all Army officers are rated on the competencies and attributes presented in Table 2.

Table 2

Competencies and Attributes Rated on Part IV of the OER

Professional Competence

- o Possess capacity to acquire knowledge/grasp concepts
- o Demonstrates appropriate knowledge and expertise in assigned tasks
- o Maintains appropriate level of physical fitness
- o Performs under physical and mental stress
- o Encourages candor and frankness in subordinates
- o Clear and concise in written communication
- o Displays sound judgment
- o Seeks self-improvement
- o Is adaptable to changing situations
- o Sets and enforces high standards
- o Possesses military bearing and appearance
- o Supports EO/EEO
- o Clear and concise in oral communication

Professional Ethics

- o Dedication
 - o Responsibility
 - o Loyalty
 - o Discipline
 - o Integrity
 - o Moral Courage
 - o Selflessness
 - o Moral standards
-

Performance Appraisal Needs to be Viewed as Important and Worthwhile by Users

In order for the PA process to be used with more than minimal, begrudging compliance, it needs to be viewed as important and worthwhile by the users. Yet the very opposite exists in many organizations. The PA process is frequently viewed with great pessimism. It is seen as an unpleasant burden and its usefulness is questioned (see Table 3). Past PA systems often are seen as failures and little optimism for the success of future systems exists (see Table 4). These negative views toward PA may, however, be partly responsible for the failure of these systems. Lack of user support for PA undermines the system (Abbott & Schuster, 1984; Barrett, 1966; Hall, 1983; Kirkpatrick, 1984).

An example of the impact of lack of user enthusiasm on the implementation of a PA system occurred in one Federal agency (Gaertner, Gaertner, & Akinus, 1984; for other examples see Conference Board, 1979, and Hall, 1983). Top administrative officers were highly committed to the use of PA, lobbied extensively for the passage of CSRA, and upon passage of the act, volunteered to put Merit Pay in place a year ahead of the mandated implementation date. However, the agency's operative level personnel resisted and the major program offices successfully argued that they be excused from early implementation of the act. Gaertner et al. (1984) attributed the resistance by operating-level personnel to the: (a) lack of confidence in the chain of command, (b) distrust of agency management, (c) political atmosphere within the agency, and (e) fear that the innovations would reduce employee autonomy.

Unions also may resist PA systems and seek to ensure that their interests are protected. They traditionally view seniority (i.e., length of employment) rather than PA, as the basis on which benefits should be allocated and administrative decisions about promotion, layoffs, and wage increases should be made (Gordon & Johnson, 1982; Ingster, 1984). The Federal Labor Relations Authority (FLRA) has had to resolve some performance appraisal system disputes between unions and Federal agencies regarding the rights of each. (Examples of decisions on which aspects of Federal agency PA systems are negotiable between unions and management and which are outside the duty to bargain because they are a violation of management right to direct employees and assign work can be found in United States Code Service, 1985, pp. 210, 237.)

The subject-matter experts and the PA literature both strongly suggested that, when revising a PA system, it is important to involve the unions early. There should be a continuous flow of information to the union about the appraisal plan (Ingster, 1984). By involving unions during the plan's development, management can gain insight into the areas which are of particular concern to the unions and may be better able to design a plan that suits management objectives and at the same time is acceptable to the union.

Table 3

Lack of Enthusiasm for Performance Appraisal

Performance appraisals are "often viewed with the same enthusiasm as income tax forms" (McCall & DeVries, 1977, p. 1).

"It seems as if formal performance appraisal is not so much an accepted part of the management scene as it is a tolerated one, something of a necessary evil...However necessary some formal appraisal system appears to be, current systems are still widely regarded as a nuisance at best and a dangerous evil at worst" (Conference Board, 1979, p. 1).

"Performance appraisal systems are a lot like seat belts. Most people believe they are necessary, but they don't like to use them" (Latham & Wexley, 1981, p. 2).

"The chief value thus far of performance evaluation to personnel management seems to be that it lends itself readily to theoretical rambling by writers, statisticians and psychologists; its lot in the shop, office and warehouse has been querulous--a burden to supervisors, a frustration to personnel administrators, and a mystery to employees" (Dailey, 1961, p. 42).

"For the personnel practitioner, the use of the present PA system may represent the path toward 'utter despair and hopelessness', while its abandonment represents the path toward 'extinction'" (Bernardin & Beatty, 1984, paraphrasing Woody Allen, p. 2).

"Many appraisal systems are being severely criticized from all sides. Managers find them troublesome, particularly when they have to criticize an employee personally and put the criticism in writing. Employees charge that the appraisals are often too subjective, and the federal courts frequently agree with them. Most disappointing of all, many executives themselves realize that existing performance appraisal systems do not bring about a positive change in their employees' behavior" (Latham & Wexley, 1981, p. 1-2).

Table 4

Performance Appraisal Systems Seen as Failures

"The inaccuracy of the performance measurement system has led some authors to conclude...performance appraisal[s] are a waste of effort. Other authors have blamed the failure of appraisal systems on the way appraisals are implemented" (Edwards, 1983, p. 13).

"There is abundant evidence that performance appraisal programs often fail to produce the expected benefits of opening up lines of communications and enhancing work effectiveness, in addition to providing administratively useful appraisals" (Finn & Fontaine, 1984, p. 335).

"Most organizations are dissatisfied with their performance appraisal (PA) process, particularly for administrative/managerial positions. They have concerns about its objectivity, its relevance and its validity. In many cases the complaint is that the appraisal system simply does not work" (Schneier & Beatty, 1979, p. 65).

[Performance appraisal] "is in a troubled state--it makes great theoretical sense, but falters in actual practice" (DeVries et al., 1980, p. 11).

"Performance appraisal has created more consternation than perhaps any other single issue in American management. Organizational approaches to performance appraisal typically range from dismal to mediocre, with a very few verging on the excellent" (Albrecht, 1978, p. 153).

"In general, the empirical work on appraisal could be entitled 'Another Thing That Can Go Wrong with Performance Appraisal, Part 1...Infinity'" (Bernardin & Beatty, 1984, p. 2).

"No management tool has been given more lip service and used less effectively than employee performance appraisals" (Beacham, 1979, p. 53).

"Performance appraisal systems do not and cannot possibly work...The emerging problems of this new reform (CSRA), are not traceable to supervisory carelessness, nor to the inevitable 'shakedown period' which follows any major change, but are inherently a part of any appraisal system. If, as it is argued, a given task is impossible to perform, no level of effort will overcome that inherent impossibility" (Thayer, 1981, p. 21).

"Performance appraisal has remained an unsolved and perhaps unsolvable problem in human-resource management...To be sure, many gimmicky innovations have been devised for reviewing managerial and employee performance, yet they have proven to be short-lived. The search for the Holy Grail in performance appraisal goes on" (Patten, 1982, p. 1).

"In spite of the efforts of researchers and practitioners, performance appraisal systems remain more of an albatross than an effective organizational tool" (McCall & DeVries, 1977, p. 11).

Top Management Backing is Essential

The importance of obtaining top management backing was asserted in the literature (e.g., DeVries, et al., 1980; Henderson, 1984; Steers & Lee, 1983; Steinberg & Burke, in press) and also emphasized by the subject-matter experts. DeVries et al. (1980, p. 107) concluded that "lack of top management support...represents one of the most frequently cited reasons for failure of PA systems." The subject-matter experts confirmed that obtaining top management backing should be the first item on the agenda prior to designing or revising a PA system and they cautioned that patience is required in that effort. Though it might take up to 3 to 5 months of careful marketing in order to obtain this top-level backing, the end result would be worth it.

The reason for this strong emphasis on the role of top management is the belief that this group can be instrumental in making PA work and in reversing user apathy and resistance. Top management should set PA policy and reward those who implement it. Top management should assign responsibility for PA to a credible and visible key executive, allocate the resources necessary to implement the system, identify organizational goals for linkage to appraisals, and sponsor a campaign to gain acceptance for the appraisal system from employees at all levels in the organization. These same initiatives begun without top management support lack the necessary clout and accordingly are not taken as seriously.

The Performance Appraisal Process Should be Used as a Management Tool

Both the literature and the subject-matter experts advocated that, in addition to its use in making personnel decisions such as promotions and awards, PA should be used as a tool for management to plan and review performance, motivate employees and communicate job requirements and evaluation criteria. This function of PA is clearly mandated by the CSRA requirement to develop yearly individual performance plans which communicate elements of the job and performance standards.

However, these sources also revealed that the PA process used as a means to improve individual performance is infrequently practiced. More often than not, performance appraisal is seen as a personnel department requirement and an obstacle that takes the manager away from the important duties of the job (Godwin & Needham, 1981). Managers argue that PA:

- o requires too much time (DeVries et al., 1980).
- o does not help get the job done (Godwin & Needham, 1981).
- o is not a good tool because it constitutes delayed feedback and, as such, is not in accord with accepted learning principles (Dailey & Madsen, 1980).

- o serves too many purposes. This results in feedback which is designed to meet the requirements of personnel decisions, not improvement of performance (McMillan & Doyel, 1980; Yager, 1981).
- o is uncomfortable for both the supervisor and subordinate (Cohen & Jaffee, 1982; Levinson, 1976).

One of the reasons for these objections is the view that PA is a once-a-year act of filling out forms and confronting subordinates. Advocates of the use of PA as a management tool, however, suggest that this should not be so. Rather, they envision PA as part of an ongoing management process (Baird, et al., 1982; Conference Board, 1979; Meyer, Kay, & French, 1965; Yager, 1981). This process is diagrammed in Table 5.

Identification of objectives at the beginning of the appraisal period (i.e., goal setting, see Step 1 in Table 5) is an integral part of developing the performance plan. Setting specific goals has been shown to improve performance. (See Latham and Yukl, 1975, for a review of goal setting in 27 organizations, and Locke, Shaw, Saari, and Latham, 1981, for a review of the goal-setting literature from 1969 to 1980.) The goal-setting interview, however, requires preparation on the part of both the supervisor and the subordinate. A useful guide for both is provided by Labovitz and Baird (1982).

The supervisory role includes coaching, monitoring and documenting performance, and providing feedback (see Step 2, Table 5). It is especially important to provide continuous feedback throughout the appraisal period, and not only at the end, because it:

- o provides information on goal accomplishment and demonstrates concern about performance (Ilgen, Fisher, & Taylor, 1979).
- o is less effective when delayed (Dailey & Madsen, 1980; Meyer et al., 1965).
- o improves the likelihood of employee acceptance because supervisory suggestions for improvement do not overwhelm the subordinate by being given all at once (Meyer et al., 1965).
- o makes less likely an unexpected, emotional confrontation at PA time (Henderson, 1984; Yager, 1981).

Based on a review of 16 studies, Landy, Farr, and Jacobs (1982) concluded that feedback improves performance. Earlier, Landy, Barnes, and Murphy (1978) found that identification of goals and frequency of evaluation are both related to the perceived fairness and accuracy of performance evaluation. A note of caution, however, is in order. Feedback does not have uniformly successful results (Ilgen et al., 1979; Meyer, 1977). For some, feedback may fail to improve performance and even be detrimental to it. Very frequent feedback from supervisors, for example, may result in

Table 5

Steps of the Performance Appraisal Process

Step 1

Supervisor and subordinate develop written performance plan at the beginning of the appraisal period. The plan reflects organizational goals and job requirements. It contains critical elements and objective standards which will be the basis for the appraisal at the end of the year.

Step 2

Supervisor monitors and documents performance of subordinate, coaches subordinate, and provides feedback on performance.

Subordinate monitors and documents own accomplishments and problems encountered.

Step 3

Supervisor conducts an interim review--supervisor and subordinate compare performance on job elements to performance standards, plan to improve performance if necessary, and revise performance plan if necessary to take into account changing requirements or conditions.

Step 4

Repeat step 2.

Step 5

Repeat step 3, if needed.

Step 6

Supervisor makes appraisal and conducts the PA interview.

the perception of loss of control and this, in turn, may lead to excessive reliance on others. The perception of the feedback and the response to it are a function of the source of the feedback, the message, and the recipient. (For a thought-provoking review on this literature, see Ilgen et al., 1979.) Issues related to successful feedback should be dealt with extensively in managerial training programs.

Self-monitoring and documenting of performance by the subordinate should be encouraged by the supervisor. The subordinate thereby becomes part of the process instead of a bystander (Ilgen et al., 1979). Also, self-monitoring of results of past performance has been shown to improve future performance (Landy et al., 1982).

The interim review (Step 3, Table 5) serves several functions: it tells employees how they are doing; it provides the opportunity to plan for improvement; and it allows reassessment of desired goals (Conference Board, 1979). Organizational goals and expectations do change and it is important to communicate and clarify these mission changes (Bates, 1984), and update the performance plan. However, experience shows that when the procedure to modify the performance plan mid-cycle is too much trouble (i.e., requires considerable paperwork or second-level approval), the plan is simply ignored. Some sort of addendum attached to the performance plan may be one easy solution.

The Performance Appraisal Process Should be Linked to Organizational Goals

The linkage of PA to organizational goals is highly recommended. It is mandated by recent law (see above) and was advocated by both the subject-matter experts and the literature (DeVries et al., 1980; Henderson, 1982; Odiorne, 1979). Though the concept appears to be fairly straightforward, putting it into practice is not. It requires that (1) organizational goals be identified by top management and communicated throughout the organization, and that (2) PA be linked to the accomplishment of these goals.

For PA purposes, mission statements which identify and describe the reason for the existence of the organization are often much too general. They need to be stated in terms of specific organizational objectives and updated periodically so that work activities throughout the organization may be directed toward the same objectives and coordinated. The process of identifying objectives should start at the top of the organization and filter down through the organizational hierarchy (Henderson, 1982; Lee & Zwerman, 1976; Odiorne, 1979). At each level, they need to be refined further into intermediate objectives and into the tasks required to accomplish them. This process has aptly been called "cascade of goals" (Raia, 1974). It is designed to assure that work-unit goals interlock and support organizational objectives and to allow the translation of organizational planning into specific individual objectives and performance plans.

The identification of organizational goals and the linkage of PA to them is an integral part of management by objectives (MBO), as originally proposed by Peter Drucker (1954). According to Drucker, a manager's performance

should be evaluated by its contribution to accomplishment of organizational goals. He recommended that managers require subordinates to write a "manager's letter" twice a year. In it, subordinates should: (1) define the objectives of their own jobs and that of their supervisor, (2) write their performance standards, (3) identify major obstacles to the accomplishment of objectives, and (4) indicate proposed activities to accomplish the objectives (Abbott & Schuster, 1984).

The basic MBO approach has been incorporated into CSRA and the performance contract is embodied in the CSRA-required performance plan. It must contain the critical elements, and non-critical elements if any, and performance standards for the job. Until the passage of the Civil Service Retirement Spouse Equity Act of 1984, there was no requirement to show how accomplishments were related to organizational goals. The law does not, require, however, that there be any systematic coordination of performance plans (such as the "cascade-of-goals" approach) to assure that goals are addressed in an integrated fashion.

An example of the MBO process in action in the Federal government can be found in the Department of Commerce. A letter from the Secretary of Commerce to all employees of the agency is provided in Appendix A. This letter communicates agency goals for FY 1985-1988 and full top management support for the MBO planning and management system used to accomplish these goals. The goals (provided in Appendix A, as well) are general enough to cut across organizational lines and yet specific enough for their accomplishment to be verified. A computerized system exists to track the "cascade of goals" and identify individual accountability for their attainment.

The Performance Appraisal System Should be Adapted to Organizational Needs

The interviewees frequently expressed the need to adapt their PA systems to special features and/or missions of their agencies. Adaptations in response to particular missions have involved the type of job analysis and by whom conducted, degree of uniformity of elements and standards, timing of appraisals, and type and amount of training. Specific conditions mentioned which might call for adaptations were specialized occupations, many (or few) individuals in a given job series, amount of geographical dispersion of the organization, many small units working in isolation from the rest of the organization, organizational size (large or small), and cyclical calendar events which impact on scheduling of performance appraisals.

Although legal constraints prescribe the main features of PA systems under CSRA (see above), each organization has much flexibility of implementation in areas such as training (how people are trained and by whom, content and frequency of training), job analysis (how it is done and by whom, development of generic elements and/or standards), and linkage to organizational goals (how the goals are determined, communicated, and linked to PA). Since it is recommended that PA be considered a part of the management process, it is logical that managers, who will be the users and promoters of the system, should be involved in its development and adaptation to organizational needs.

System Perpetuation Should Be Planned

Another theme addressed by the literature and the subject-matter experts was the need to place more emphasis on mechanisms which maintain the momentum of newly initiated PA systems. Often after the initial introduction to the system, managers hear no more about it from their supervisors, subordinates, personnel department, and higher management (DeVries et al., 1980). With no ongoing reminders, support, and encouragement, managers are not likely to use the PA process on a continuing basis.

It is not surprising, therefore, that PA systems traditionally have had very brief shelf lives. The initial enthusiasm for new systems soon turns into disillusionment and the system is discarded shortly in favor of a new one that supposedly will improve on the previous one (Conference Board, 1979). Some examples follow:

- o The first formal PA system in the U.S. Federal government was introduced in 1842 and died of half-hearted practice and apathy by the end of the 1850s (Lopez, 1968). The next Federal PA system wasn't begun until 1887.
- o The U.S. Navy used 48 different fitness reports in the 91 years from 1865 to 1956 (Lopez, 1968).
- o In a survey of almost 300 industrial firms, more than half reported that their current PA systems had been developed within the last 3 years (Conference Board, 1979).
- o In a survey of 18 major national and/or international corporations in the private sector, Teel (1980) found that 6 had systems which were in operation for less than a year and 9 were currently being revised. Only 5 had systems that were in use over 5 years.

Additional reasons cited for the abandonment of PA systems include: (a) changing legal requirements (b) user resistance, and/or (c) inflation of ratings. User resistance may be related to the process of PA in general, or to some specific feature of a system such as the rating format. Inflation of ratings, in which most people are rated at or near the top of the scale, most probably reflects something other than the existence of superior groups of employees (Bernardin, Orban, & Carlyle, 1981; Ilgen & Feldman, 1983). It may reflect (a) the perception that the other raters in the organization base ratings on these factors and that they must also if their subordinates are to remain competitive for promotions and awards; (b) the feelings of the rater about performance ratings in general; (c) the rater's ability to rate accurately; and (d) the concern of the rater about the subordinate's response and future cooperation.

It has been suggested that, in order to maintain interest in PA systems beyond the initial period of introduction, organizations should discard the mechanistic notion that such systems can be installed like pieces of new hardware which continue to operate by themselves (Albrecht, 1978). At the very least, a continued effort should be made: (a) to address the concerns

of supervisors and subordinates about how the system will be and is being used; (b) to conduct training to develop skills in the use of the system; and (c) to communicate top-level support of the system (Barrett, 1966). One way to assure that this continued effort is made might be to appoint key line managers (and/or core groups, the number and level of which would depend on the structure of the organization) to be responsible for the PA system and its operation as part of the management process.

Training is Essential

Training in PA is recommended in the literature for a variety of purposes. It can be used to teach managers: to observe behavior accurately; to reduce rating errors (halo, leniency, contrast effects, similar-to-me errors, central tendency, recency, latency, and stereotypy); to conduct better appraisal discussions; to improve supervisory skills in coaching; to increase knowledge of the performance appraisal system; and to improve attitudes toward, and motivation to use, PA systems (Davis & Mount, 1984; Decker, 1982; Dunnette & Borman, 1979; Glasgow, Simkins, & Guerrieri, 1981; McIntyre, Smith, & Hassett, 1984; Pursell, Dossett, & Latham, 1980; Spool, 1978; Zedeck & Cascio, 1982). Formal training techniques reported in the research literature include various combinations of: reading assignments, lectures (brief and long), discussions, diary keeping, videotapes, rating practice, feedback, self-paced instruction, computer-assisted instruction, role playing, and behavior modeling. Topics that have been recommended for inclusion in PA training programs are listed in Table 6. As can be seen there, some topics primarily require learning facts whereas others require learning skills as well. Unfortunately, the literature on teaching methods does not distinguish the methods that work best for each purpose.

Much research has been conducted on the effectiveness of training as a means to reduce rater error. For example, Dunnette and Borman (1979) concluded that errors can be reduced via training, and Spool (1978), in a review of 25 years of research literature on training, concluded that in almost all of the studies he reviewed, training improved accuracy in observing behavior. Yet there is other evidence that training does not always reduce rater error. Davis and Mount (1984) found that training managers did not affect halo or leniency tendencies, and Warmke and Billings (1979) found that although training reduced errors on experimental ratings, it had no effect on subsequent administrative ratings. What the Davis and Mount, and Warmke and Billings studies had in common were ratings which were for actual use in the organization. The influence of purpose of rating on determining success of training to reduce rater error is illustrated in the research of Zedeck and Cascio (1982). These researchers manipulated the purpose of rating (either to recommend development, to award a merit raise, or to retain a probationary employee) and found that there was less discrimination among ratees when the rating was for the purpose of deciding a merit increase.

The findings that differential effects of training depend on purpose of the training also calls into question the usefulness of the many studies of training using college students making ratings for research purposes. The findings of these studies may be far less predictive of the results of

training in working organizations than studies in which the subjects are actual supervisors making ratings for administrative purposes (Warmke & Billings, 1979). In similar fashion, research based upon what Ilgen and Favero (1985) call the "paper people paradigm" (in which raters are presented with written information about a stimulus person) may not necessarily generalize to the way people respond to actual people. This paradigm does not take into account PA as a complex, cyclical process which involves the selection, integration, and recall of information over time (Feldman, 1981). It also does not take into account the social, economic, and professional consequences of ratings and resultant personnel actions that must be lived with and accommodated to by both the rater and ratee (McCall & DeVries, 1977).

Another factor to consider with respect to training to reduce rater error is the criteria for determining the amount of rater error. Many studies have found that training raters reduces rater error (Landy & Farr, 1983). However, in most of these studies, the criteria for determining rater error involved inspection of the response distribution as opposed to comparison of the ratings to true criterion scores. The few studies using the latter approach indicate that training does not improve rater accuracy, and even may decrease it (Bernardin, 1979; Bernardin & Pence, 1980).

Other research with respect to training has shown that training can definitely increase knowledge of the PA system and can improve skills in formulating developmental plans for subordinates (Davis & Mount, 1984; Glasgow, Simkins, & Guerrieri, 1981). Interviewees from several Federal agencies indicated that training for appraisal purposes and for performance management, in general, was needed to make appraisal systems work, but that lack of resources for training was a problem. Several agencies, however, were able to commission consultants to design training materials (manuals and videotapes) for them.

One approach to developing training materials for PA is the modular approach (Bianco, 1984). The modular concept offers the advantages of allowing the combination, deletion, or rearrangement of portions of the training program to meet organizational needs. With the modular approach, programs can consist of core modules that apply agency-wide. These can be supplemented with additional modules specific to unit/departamental requirements, the particular audience (e.g., supervisor or non-supervisor), and the purpose of training (introductory/orientation, in-depth, or refresher).

One training program of special interest, because it illustrates an application of several themes discussed above, is that of the U.S. Army Materiel Command (AMC). AMC arranged with OPM to design and conduct a training workshop, specifically tailored to Army requirements, on teaching supervisors to develop performance standards and individual performance plans. Top management clearly communicated its strong backing for this training. The commanding General requested AMC commanders to recommend two candidates each to receive the training and then conduct supervisory training at the installation level (see Appendix B). One candidate was to be from the

Table 6

Recommended Performance Appraisal Training Topics

<u>To Provide Information</u>	<u>To Improve Skills</u>
Definition of terms (PA cycle, elements, critical elements, performance standards, performance plans, etc.)	Developing performance plans (identifying critical elements, linking employee objectives of organizational goals, developing objective standards, etc.)
Purposes of performance appraisal	Documenting performance (diary, critical incidents, etc.)
Legal requirements	Conducting informal day-to-day coaching and feedback
Organizational requirements (regulations, forms, due dates, etc.)	Reducing rater error
	Preparing for and conducting interim reviews
	Preparing for and conducting appraisal interviews

Civilian Personnel Office (CPO) staff and one from line management. By sending managers to the workshop in addition to personnelists, top management indicated that managers have an important role in insuring the success of the PA system. Also, system perpetuation was fostered by training supervisors to be on-site experts and giving them responsibility for training others to make the system work. To facilitate the training role, workshop participants were provided with (a) a detailed Instructor's Manual for their use in delivering instruction back home, including copies of overhead projector slides, (b) a training plan for conducting the Instructor Briefing sessions, (c) a camera-ready copy of a Participant's Coursebook to be used in conducting sessions of the course, and (d) an evaluation instrument for use in obtaining participant feedback on sessions.

Ease of Use is Important

Many Federal agencies are searching for ways to meet user demands for PA systems that are easier to apply than those currently in use. Of particular concern are two issues: the amount of paperwork and difficulty involved in developing performance plans.

Proposed solutions for reducing the paperwork burden focus on the appraisal forms. The solutions include simplifying the forms to make them easier to complete, combining them so that the same form can be used for more than one pay category, making them word-processor compatible to reduce typing required, and permitting attachments to the forms to reflect changes in requirements during the rating period rather than rewriting the entire document (see Steinberg & Burke, in press).

The solutions considered for reducing the difficulty in developing performance plans can be categorized into one of two approaches. The first provides more and better training for the supervisor to develop individual performance plans (e.g., see the discussion of the AMC training course, above). The second approach involves developing performance plans (or portions of them) that can be used for a specified group of employees, and which, consequently, need not be developed separately for each one. This is accomplished either by retaining the performance plan format but developing generic elements and/or standards which apply to a whole group of employees, or by using a different rating format, such as a rating scale, to communicate elements and standards. The two alternatives of this second approach are frequently considered because they relieve the individual supervisor of much of the burden of developing performance plans. In addition, the rating-scale alternative has received considerable attention in the literature. For these reasons, both alternatives will be presented in more detail below.

Generic Elements and Standards. Since CSRA requires that the PA elements and standards relate to the given job, development of generic elements and standards (i.e., ones which apply to a whole group of employees) should be based on a job analysis of the cluster of jobs covered. For large groups of employees, this may require outside consultants and can be very costly and time-consuming.

One set of generic elements and/or standards can cover a few related job series within an agency (e.g., secretarial/clerical positions), or it may apply to a much larger portion of the organization (e.g., all non-PMRS, non-SES employees). One disadvantage of generic standards is that as the number and types of positions that are covered by the same set of standards increase, the standards become less job-specific. Although the standards may still be appropriate, they would be less likely to mention specific job-related projects and due dates, for example. To address this issue, PA systems may provide for generic standards which can be modified by the addition of individual work plans, or permit unique elements and standards to be added to model performance plans. In this way, more specific expectations can be communicated to subordinates and the performance plans can be modified to reflect changes in requirements. It also means, however, that more of the burden of developing performance plans is returned to the supervisor.

Rating Scale Formats. Rating scales have a number of features that may make them seem, at least on the surface, even more desirable than generic elements and standards. Since a scale can be used for a large number of employees, it too removes the burden of developing the appraisal instrument from the individual supervisor. (Scales also require a job analysis of positions they cover.) In addition, scales appear simpler to use and easier to understand than lengthy performance plans. Also, they have been popular formats for PA for some time, and continue to be used widely (DeVries et al., 1980). For example, during the fall of 1981, Tyler (1982) conducted a survey of the 50 state governments and found that rating scales for PA purposes are still popular--they were used by at least half of the state governments.

There are, however, some disadvantages to using rating scales in a Federal PA system. First, various features of PA scales, in their current formats, are inconsistent with CSRA requirements. Second, scales are costly and time-consuming to develop. These two issues are addressed in greater detail below because:

- (a) Although the PA literature is replete with descriptions of various types of rating scales and research conducted on them (e.g., Bernardin & Beatty, 1984; Landy & Farr, 1980; and Schwab, Heneman, & DeCotiis, 1975), there exists no systematic review of their ability to meet CSRA requirements, and
- (b) Although, many subject-matter experts suggested that rating scales may be easier to use than individual performance plans, they were not aware of the costly and time-consuming process to develop them.

In order for rating-scale formats to meet CSRA specifications, they must contain objective, job-related standards (anchors) defined at the beginning of the rating period, against which job performance can be compared. A discussion of the more popular formats reported in the literature, and how they stand with respect to these criteria, follows.

- o Graphic rating scales are scales, each of which represents the range of a given trait or factor (such as motivation, cooperation, or job knowledge). The rater indicates how much of the factor the ratee has (DeVries et al., 1980). The scale may be a continuous line or it may be divided into several discrete categories anchored by numbers or a series of adjectives such as "low" through "high" or "below average" to "above average" (McCormick & Ilgen, 1980; Muchinsky, 1983; Siegel & Lane, 1982). These anchors do not provide the CSRA-required specific job-related behavioral definitions. As such, they do not provide an objective basis for the rater to select a given rating, nor do they convey to ratees the basis upon which they will receive a given rating.
- o Employee comparison formats include rank-order scales, paired-comparison scales and forced-distribution scales (Muchinsky, 1983). These all provide for the rating of individuals by comparing them to each other, instead of to a pre-defined performance standard as required by CSRA. Rank-order scales require the ranking of employees from high to low; paired-comparison scales require that each employee be compared to every other one; and forced-distribution scales require that the ratings conform to a preset distribution.
- o Forced-choice scales, introduced by Robert Wherry in the early 1940s (and used at one time for Army officer ratings, Sisson, 1948), are designed to prevent rater attempts to distort ratings in favor of or against a given individual. They do this by masking the weightings assigned to each statement so that the raters cannot be certain which is more favorable (Bernardin & Beatty, 1984). This clearly would not be compatible with the CSRA requirement to communicate standards at the beginning of the rating period.
- o Mixed-standard scales also attempt to prevent rater manipulation by disguising the scoring procedure (Rosinger, Meyers, Levy, Loar, Mohrman, & Stock, 1982). Statements reflecting three degrees of each trait or behavior to be rated are all intermixed so that both the dimension that each statement represents and the order-of-merit of the triad are not obvious (Bernardin & Beatty, 1984; Blanz & Ghiselli, 1972). In other words, the elements and standards would be masked in contravention of CSRA specifications.
- o Behavioral observation scales (BOS) consist of lists of behavioral statements, derived from a critical incident job analysis, which are all rated on one five-point Likert scale for frequency with which the ratee engages in the stated behavior (Latham, Fay, & Saari, 1979). The behavioral statements may be grouped into dimensions (i.e., elements, in CSRA terms). The ratings on each of the behavioral statements are summed to determine the overall score for each dimension, and these, in turn are summed to determine the overall evaluation score. Management determines the range of scores that corresponds to each level of the performance standards.

The five-point frequency scale on which the behavioral statements are rated may have two anchors, such as "almost never" and "almost always" at either end, or it may have anchors at each point which indicate the percentage of time that the listed behavior occurs when required.

Two features of BOS scales which may be inconsistent with CSRA requirements are presented below:

- The same frequency scale is used for all task statements. However, identical numerical ratings for different task statements do not necessarily represent the same level of satisfactory achievement (Bernardin & Kane, 1980). Therefore their translation to performance standard levels is inappropriate. To illustrate this point, consider the following example. Here are two tasks from a BOS for an airplane mechanic and the scale on which they are rated:

1 = 0 - 64% of the time
2 = 65% - 74% of the time
3 = 75% - 84% of the time
4 = 85% - 94% of the time
5 = 95% - 100% of the time

--Keeps an orderly tool box.

--Reports life-threatening problems promptly.

It is conceivable that keeping an orderly tool box 80% of the time might be considered satisfactory, but reporting airplane mechanical problems promptly 80% of the time might not be. Yet, using the above scale, both behaviors would receive the identical rating of "3." Further, when scores on items such as these are summed, the score does not indicate whether the total of "6," for example, resulted from a score of "2" on the first item and "4" on the second, or the other way around.

- items which are observed very frequently or very infrequently are not included in the scale because they do not differentiate between good and poor performers (Latham et al., 1979). Therefore, many behaviors which are required for the job, and even some that are critical to it, do not enter into the rating.

- o Behaviorally anchored rating scales (BARS) originally referred to as behavioral expectation scales (BES), have behavioral anchors based on critical incidents and clearly indicate the weight of each. However, the anchors do not represent standards which must be met. Rather, they are behaviors which the raters are to infer could be expected to occur, given past ratee behaviors. Raters are to make these inferential leaps from actual behaviors to expected behaviors based upon their own implicit beliefs about how people behave

(Nathan & Alexander, 1985; Smith & Kendall, 1963). Thus, the CSRA requirement of providing, at the beginning of the rating period, standards against which job performance can be compared, would not be met.

In their original article presenting BARS, Smith and Kendall (1963) suggested the use of general statements representing high, low, and acceptable levels of performance in addition to the scale anchors, in order to help raters determine the appropriate rating. However, they expressed concern that these statements, in addition to the behavioral anchors, would result in ambiguous ratings. Although some research supports the desirability of using these general statements (Bernardin, LaShells, Smith, & Alvares, 1976), they are rarely included in BARS. In fact, standard texts in the field of personnel psychology do not even mention them. For example, although Cascio (1982), Landy (1985), McCormick and Ilgen (1980), Miner and Miner, (1977), Muchinsky (1983), and Siegel and Lane (1982) spend from one and one half to three and one half pages each on BARS and the detailed procedures to develop them, none mentions the general statements.

The fact that the general statements of levels of performance are similar to performance standards required by CSRA (see Bernardin & Beatty, 1984, p. 84 and p. 87 for two examples), raises the possibility that BARS meet the requirements of CSRA. However, the issue of whether the "could-be-expected-to" anchors could be used still remains.

In addition to the deficiencies in meeting CSRA requirements discussed above, a second factor should be taken into account by those who hope to find scales an easy solution. The development, use, and/or scoring of scales can be much more difficult than would seem at first glance. Although the following discussion illustrates these points using BARS examples, similar problems are encountered with other scales as well.

- o More than a mere check-mark on the scale may be required of the rater. The recording of incidents of observed ratee behavior during the rating period (three or more incidents for each of about 5 to 10 scales, for each ratee) is recommended for BARS (Bernardin et al., 1976; Smith & Kendall, 1963).
- o Many people must be involved in the development of scales. For BARS, Smith and Kendall (1963), for example, used 542 head nurses; Bernardin (1977) used 118 students; and Landy, Farr, Saal, & Freytag (1976) used 168 supervisors to develop one particular BARS instrument and 240 peers to develop another.
- o Many critical incidents must be developed before the anchor points on the BARS scale can be set. Goodale and Burke (1975), for example, collected 360 incidents which they then narrowed down to 6 or 7 for each of 10 dimensions.

- o The scale development procedure is an arduous, iterative process which is costly and time-consuming (Bernardin & Beatty, 1984; Landy & Farr, 1980).
- o Because of the long and expensive procedure to develop BARS, the scales are not easily adapted to changing job requirements.
- o Because there is no procedure in the development of a BARS to ensure that the anchors for a dimension are mutually exclusive, more than one anchor may apply to a given individual. For example, on a BARS scale presented in Cascio (1982, p. 329), four of the nine anchor statements could conceivably apply to the same individual:

<u>Scale Value</u>	<u>Anchors</u>
2.7	"Could be expected to go back on a promise to an individual who he had told could transfer back into previous department if she/he didn't like the new one."
5.0	"Could be expected to remind sales personnel to wait on customers instead of conversing with each other."
7.0	"Could be expected never to fail to conduct training meetings with his people weekly at a scheduled hour and to convey to them exactly what he expects."
8.5	"Could be expected to conduct a full day's sales clinic with two new sales personnel and thereby develop them into top sales people in the department."

- o Rating format development variations with BARS can impact on the degree of psychometric error and, therefore, users who might be tempted to vary the established procedures (perhaps to simplify them), should be cautioned not to do so without evaluating the impact. For example, Rumsey and Mietus (in press) found that the absence of features such as rating clarification statements, grouping of items by dimension, and overall evaluation by dimension, can significantly reduce rating accuracy.

CONCLUSIONS

Nine prescriptive themes for more effective Federal PA systems emerged from a review of the literature and interviews with subject-matter experts. These themes are based on opinion as well as empirical evidence, but they represent the collective wisdom of those knowledgeable in the field.

The themes discussed above were presented one by one, but in practice, they require integration to make the PA system work. Addressing any one, to the exclusion of others, lessens the chances for success. For example, the recommendation to make the system easy to use was expressed so frequently by interviewees that it was tempting to present it first in the discussion of themes instead of last. Yet, the first two recommendations were to ensure that the PA system meets legal requirements and that it is seen as important and worthwhile by the users. If the system is easy to use but not legal, it is useless, and if users see no purpose or advantage to PA, any amount of effort devoted to it will be perceived as too much.

Therefore, the first theme emphasized the primary reason for the current structure of PA systems in the Federal sector--it is required by law. However, the mere existence of a system which meets legal specifications is insufficient to ensure usage beyond minimal compliance. Thus, the themes which followed emphasized the steps that are needed to make the system work as intended:

- o As with any new program that requires the participation of many, the program must be "sold." With PA this step is especially crucial. It is highly likely that many users at all levels of the organization already have negative feelings about the process and its worth.
- o In selling the program, it is important to start at the top of the organization because top management plays a vital role in ensuring the program's success. Top management must both communicate its commitment to developing and maintaining an effective PA system, and obtain the commitment of the remainder of the organization. Top management should assign the responsibility for promoting the PA system to a respected, high-level line manager who can devote considerable time to ensuring that the system be made to work. The emphasis is on line-management sponsorship over personnel department sponsorship in order to establish system credibility with lower-level managers and supervisors.
- o In order for supervisors to be sold on the PA process, they must come to view it as an integral part of their jobs. They must understand that PA is part of a year-round management process which includes identification of goals, planning to accomplish them, coaching, monitoring and documenting performance, and providing feedback.

- o The next step is for top management to identify specific organizational goals or objectives (to be accomplished in a specified period of time, such as 1 to 4 years) with measurable outcomes. And, it should emphasize the linkage of PA to the accomplishment of these goals. Supervisors need to communicate to their subordinates the connection between the work they are assigned to do and the accomplishment of these organizational goals.
- o Unless the PA system is designed to take into account idiosyncrasies of the organization such as size, dispersion, and diversity, supervisors and managers will have a hard time accepting that the system is supposed to help them accomplish organizational goals. Adaptation of the PA system to organizational needs is important. Managers and supervisors should take an active role in this process.
- o The PA system should be designed so that commitment to it will be maintained beyond the initial introductory stage. This requires on-site managers who demonstrate by example their commitment to the system, and train other managers in the skills required to plan, coach, and provide feedback on performance.
- o Training should be conducted for a variety of purposes (e.g., to teach knowledge of the system, to teach skills such as planning, coaching, and providing feedback) and for different audiences (e.g., supervisors, subordinates, military supervisors of civilians). The majority of the training should be conducted in-house by appropriate role models. Managers and supervisors, as opposed to personnelists, should conduct most of the training.
- o Finally, the system should be made as easy to use as possible. Although at first glance, the above recommendations may appear to entail even more effort than is commonly exerted to make PA systems work, they also may have the effect of easing some of the problems. When supervisors know that the time they spend on the PA process is valued by top management as part of the job, they will be less resentful of the time it takes. If they find the process can be useful in facilitating the accomplishment of organizational goals, they will be further motivated to make it work. And, with appropriate training, they will find the system easier to use. Further, such features as a simplified means for updating performance plans and cooperative development of model performance plans should ease the burden as well.

In sum, the advice of Glickman given in 1964 still applies: If you are searching for a PA system that is easily understood, does not require much time or training to use, and which the appraiser generally feels comfortable using, then "you have described a relatively superficial and ineffective performance appraisal system--one which is not considered very important by the parties involved--one which could be eliminated without any great deterioration in the personnel management program of which it was a part. A good performance appraisal, one that provides useful information to the

employee, to his supervisors, and to management, takes considerable effort on the part of all of these parties to develop and use effectively...Thus, in an appraisal system, as in most human enterprises, you get what you are willing to pay for--there are no cheap but practical performance appraisal systems" (pp. 28-29).

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APPENDIX A

EXAMPLE OF AGENCY STATEMENT OF GOALS AND SUPPORT FOR MBO



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MAR 29 1985

MEMORANDUM FOR ALL EMPLOYEES

SUBJECT: Departmental Goals for FY 1985-1988

For the past year, Deputy Secretary Brown and the Department's managers have been assessing how well we have done in meeting goals and objectives established for the first four years of the Administration and considering the need for new and revised goals. I am pleased to provide you with the results of that process: a listing (attached) of new major Department of Commerce goals and subgoals for the period 1985-1988.

These new goals accomplish several important things:

- o They restate Departmental policies and priorities. Some of the goals we set four years ago have been achieved; others have been overtaken by external events. Now there are new goals that we can expect to achieve with the authorities that we have and the resources we can expect to get.
- o They state our aims more specifically than the earlier goals.
- o They cut across organizational lines more than before. This will improve communication and coordination among operating units with common interests and responsibilities.
- o They cover more programs than the earlier goals. Four years ago goals were set only for those areas where major changes were envisioned. Our managers now feel that we should have goals for all of our activities.

I am proud of the job that our management team has done in setting these new goals. They provide a solid policy framework for planning and budgeting over the next four years. I am also proud of the MBO planning and management system that we have implemented to manage our activities. The Commerce system is serving as a model for several other agencies who are using it to implement similar systems. The system has my full support and the support of my management team. We are counting on each employee to continue supporting this system throughout the planning period and to continue their excellence in achieving the new goals and objectives.

Malcolm Baldrige
Secretary of Commerce

Attachment

A-1



Major U.S. Department of Commerce Goals

Increase America's Competitiveness in the World Economy

- Increase U.S. exports of goods and services
 - Expand foreign markets by removing barriers to travel, trade and investment
 - Increase the number of small and medium sized exporters
 - Increase U.S. share of the international travel market
 - Increase exports and domestic consumption of U.S. fisheries products
 - Increase the acceptance of international technical standards based on U.S. technology
 - Strengthen worldwide protection of intellectual property
 - Increase the competitiveness of U.S. telecommunications, computer and information products and services
-

Safeguard the National Interest through Effective Administration of U.S. Trade Laws

- Administer and enforce U.S. trade laws for reasons of national security, foreign policy, and short supply
 - Reduce export licensing time to an average of 30 days by 1990
 - Expedite decontrol of non-critical commodities
 - Take prompt, aggressive action against unfair trade practices
-

Stimulate Productivity and Economic Development

- Promote private sector capital formation, job creation, and new and expanding industries
- Promote the development and application of science and technology in U.S. industries
- Reduce regulatory and administrative barriers to innovation and growth of U.S. business and industry
- Encourage the creation and expansion of minority businesses
- Reduce patent pendency to 18 months by 1987 and improve patent quality
- Promote the development and growth of oceanic and atmospheric industries
- Modernize domestic statutes to reflect the changing nature of the world economy

Improve the Quality, Scope, Timeliness and Availability of Departmental Statistics and Analyses

- Develop complete plans for conducting the 1990 census
- Improve statistics on the services-producing sector of the world economy
- Improve official economic and trade data and analyses

Manage Effectively the Nation's Oceanic and Atmospheric Resources

- Improve federal management of U.S. ocean and coastal resources
- Provide timely environmental data, information and assessments to U.S. industry
- Determine the characteristics and resources of the U.S. 200 mile exclusive economic zone by 1990
- Increase our understanding of oceanic and atmospheric processes through monitoring and research

Improve Service Delivery and Internal Management

- Provide accurate and timely information and services to U.S. travel and trade exporters
- Provide more timely and accurate weather forecasts and warning services to the U.S. public
- Restructure and modernize the national weather system by 1990
- Improve delivery of ocean information products and services
- Improve the Federal Government's use of computer and telecommunications technology
- Automate the patent and trademark processes by 1990
- Make Departmental laboratories available for proprietary research
- Improve regional delivery of administrative services
- Manage Departmental functions to reduce competition with the private sector and generate cost recovery from users

January 1985

EXAMPLE OF STATEMENT OF TOP MANAGEMENT SUPPORT FOR TRAINING



DEPARTMENT OF THE ARMY

HEADQUARTERS, U. S. ARMY MATERIEL COMMAND
5001 EISENHOWER AVENUE, ALEXANDRIA, VA 22333-0001

AMCPE-CE-L

30 January 1985

SUBJECT: AMC Program on Improving Performance Standards

Commander

1. One of my primary concerns in the area of personnel management is the quality of performance standards in AMC. Personnel Management surveys by OPM, HQDA, AMC and AMC MSC's continue to find that performance standards need improvement. Additionally, inflated rating profiles indicate to me that either performance standards are poor or evaluations are inaccurate or both.
2. I am asking each AMC Commander and Activity Chief to take a personal interest in improving performance standards within his/her command. In support of this effort HQ AMC has developed jointly with OPM a course of instruction on establishing individual performance plans. We have invited each AMC activity with a CPO to name one personnelist and one other person, preferably a line manager, to receive the basic instruction and to train supervisors upon return to the installation/activity. Five workshops are scheduled through February 1985 to train the 90 instructors.
3. The local training is designed to be given on three consecutive days. We are not requiring that every civilian and military supervisor take this training regardless of his/her expertise. However, we have seen no examples of standards to date which would indicate that a high level of expertise exists. If it does exist, we would recommend that those who possess it become a resource for the local training program at the earliest point. We would expect most, if not all, supervisors of civilians to attend this training.
4. If this training is attended and the principles covered are applied, I am certain that better performance standards will result and the investment of our supervisors' time will be well spent. Please give me your support in this important effort.


RICHARD H. THOMPSON
General, USA
Commanding