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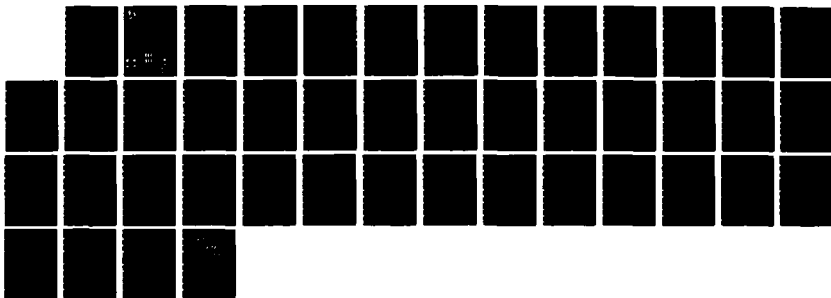
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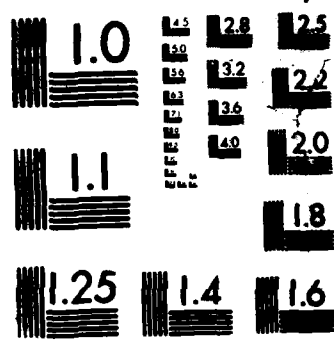
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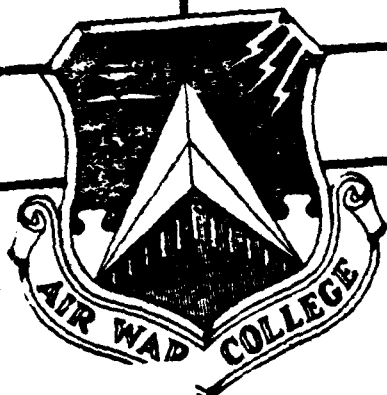
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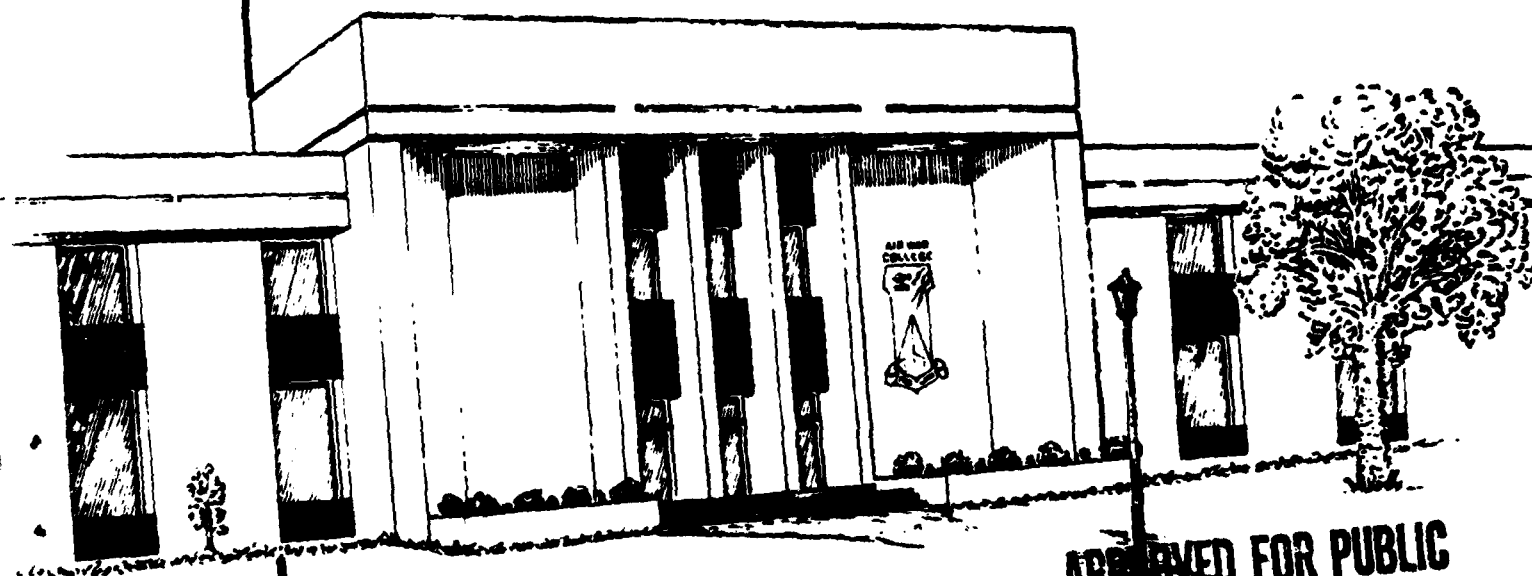
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PERFORMANCE APPRAISALS: HOW TO
MAKE THEM WORK

By CAPTAIN FRANK M. CHLISZCZYK, JR., USCG

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PERFORMANCE APPRAISALS: HOW TO MAKE THEM WORK

by

Frank M. Chliszczyk Jr.
Captain, U.S. Coast Guard

A RESEARCH REPORT SUBMITTED TO THE FACULTY
IN
FULFILLMENT OF THE RESEARCH
REQUIREMENT

Thesis Advisor: Dr. Barton J. Michelson Jr.

MAXWELL AIR FORCE BASE, ALABAMA

MARCH 1987



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AIR WAR COLLEGE RESEARCH REPORT ABSTRACT

TITLE: Performance Appraisals: How to Make Them Work

AUTHOR: Frank M. Chliszczyk, Captain, U.S. Coast Guard

THESIS STATEMENT: ^Δ Despite the wide variety of performance appraisal systems in use today and the enormous effort that is expended to support them, very few systems effectively serve their intended purpose.

This paper seeks to analyze the process of evaluating people to determine how to establish a new system or how to work within the constraints of an existing one. It begins with a review of the two primary purposes that evaluating systems serve. This is followed up by an examination of the variety of the evaluating formats used in management today. Next, the many sources and causes of shortcomings with evaluation systems are explored in detail. Considerations in system design are then examined along with ways to increase the effectiveness of a system you're "locked-in". The paper ends with a short discussion on the legal contemporary issue of equal employment opportunity.

Δ

BIOGRAPHICAL SKETCH

Captain Frank M. Chliszczyk has served more than 28 continuous year of active duty in the U.S. Coast Guard as both an enlisted man and commissioned officer. In the capacity of Aviation Technician, Chief of Maintenance, and Commanding Officer, he has experienced the effects of the performance appraisal process as both the ratee and rater. He has been especially concerned about the ill-effects of a poorly administered system and the significant positive results of a system that is fair and is trusted. Captain Chliszczyk is a graduate of the Air War College, class of 1987.

PERFORMANCE APPRAISALS: HOW TO MAKE THEM WORK

The act of evaluating people has intrigued me for many years. Nearly everyone employed is significantly affected by the results of the personnel evaluation process which in most organizations determines how well an employee is developing and who is most deserving of reward. I've experienced my reactions whenever I've been evaluated and have also observed the response of others when I've evaluated them. A good performance system can be a tremendous management tool when trying to develop others. Likewise, it can provide an organization invaluable information for making important personnel decisions. However, all performance evaluation systems are susceptible to problems leading to ineffectiveness. Unfortunately, institutional problems and rater/ratee frailties abound. Hence, all too often a monumental effort goes into supporting a system that yields marginal benefit. Thus, we have arrived at the purpose of this paper.

Because most evaluating systems fall short of their intended purpose and are fraught with frailties, the challenge becomes: "How can I get the most out of my evaluating system?" This paper seeks to analyze the process of evaluating people to determine how to establish a new system or how to work within the constraints of an existing one. Specifically, we will begin by reviewing what purposes evaluating systems serve. This will be followed by an examination of the variety of the evaluating formats used in management today. Next, we will explore, in

some detail, the many sources and causes of shortcomings with appraisal systems. This section is significant since these shortcomings underpin the many reasons why systems fail. We will then look into the considerations when designing a system or how to increase the effectiveness of a system we're "locked-in" with. Finally, we will have a short discussion on the legal contemporary issue of equal employment opportunity.

Purpose of Performance Appraisal Systems

We will begin by looking into the background of formal evaluation systems and where we are today. We'll then review the many reasons for having a rating system. Finally, we will investigate the two generally accepted primary purposes of all evaluation systems.

"The evaluation of others is a ubiquitous human process. We constantly evaluate appearance, behavior, motives, and other characteristics, and the results of our evaluations affect our actions." (4:xviii) Organizations have found evaluating output and their employees as also vital to their interests. By comparing the collective results of their output or by comparing the performance of individuals to specific standards or the results of others, they could determine what factors effectively contributed to organizational goals and those that didn't. Accordingly, they could then make intelligent decisions regarding the organization and/or individuals. Therefore, a formal evaluation system which regularly and systematically

evaluates employee performance was developed in this country just after the turn of the nineteenth century. This process has evolved to become one of the most universal of management practices and is currently known by a host of names, including evaluation rating, performance appraisal or review, personnel rating, merit rating, and employee evaluation. Notwithstanding the title, nearly all evaluation systems are in place to serve two primary purposes: (1) the documented basis for critical organizational decisions and (2) the professional development of employees.

Personnel appraisals have a multitude of potential functions within an organization. A recently compiled comprehensive list of the more accepted specific reasons to have evaluation systems included:

- To give employees an idea of how they are doing.
 - To identify promotable employees.
 - For purposes of salary administration.
 - To provide a basis for a supervisor-employee interview.
 - To help train supervisors to know their workers better.
 - To discover areas where additional training is needed.
 - To identify employees for layoff in bad times.
 - To identify employees who may be in "wrong" jobs.
 - To help check the effectiveness of the company's selection procedure, or other research use.
 - For selection during rehiring periods.
 - To comply with union contract provisions.
 - For use in grievance interviews.
 - To focus executives' attention on the effectiveness of their organization and to provide a foundation for organization planning and development.
 - To aid in assuring employees of appropriate individual recognition and to assist in the development of competent personnel to carry out the company's operation efficiently and successfully.
 - To obtain a check on all probationary and terminated employees.
- (2:5)

And there are more. Nonetheless, each of these reasons can be

placed into one of our two broad categories of administration decision or employee development or answers the question of "what" was performed or "how" it was performed.

When the evaluation answers the question, "What was performed?", it is judgmental in nature. This type of evaluation is primarily concerned with distinguishing the level of performance between employees and therefore forms the basis for pertinent company administrative actions. "An evaluation system used for these purposes must differentiate between subordinates on their performance or the results they have achieved, either in comparison to one another or against some absolute standard." (10:58) Top performing employees may be considered for a pay raise or promotion whereas those not performing up to par may be considered for demotion or separation. These appraisals may also help determine who needs--or is more deserving of--additional training.

The second question an evaluation may answer is, "How did the performance outcome occur?" This type of evaluation is mainly concerned with the professional development of the individual. An employee's performance is monitored over a given period and at the end of the period these observations are expressed to the individual. This evaluation process forms the means of telling the subordinate how well he is doing and usually suggests needed changes in behavior, attitude, skill, or job knowledge; in other words, it let's him know how well he stands with the boss. Thus, it may form a basis for the coaching and counselling of the employee by the supervisor.

Should the proper relationship be established, the organization may gain further benefit. Because the supervisor now knows he will be expected to periodically fill out rating forms (and be prepared to justify his marks), he will tend to be more conscious of the subordinate's actions and thus become a better day-to-day manager. And a closer supervisor/employee communications bond is apt to exist.

Unfortunately, the two primary purposes for performance appraisals do not complement each other. In fact, they're inclined to militate against each other by trying to satisfy the two diverse interests of "what" and "how" as mentioned above. It should be evident by now that the former responds to company needs while the latter responds to individual needs. When used as a judgmental tool to help make administrative decisions, the propensity is to be more lenient. Three reasons for this leniency are:

- (1) the supervisor does not want to jeopardize his employee's chances for reward,
- (2) the supervisor is not personally affected by the outcome of the evaluation, and
- (3) less effort is required of the supervisor if he does not have to justify to his employee a critical or marginal grade.

In contrast, the developmental approach is more concerned with determining how well an individual is performing or how results were achieved . . . the penchant here is to be more critical,

thereby providing the honest, remedial feedback necessary to bring about professional growth. The supervisor has a vested interest in the results. The objective is to analyze results to single out strengths and weaknesses. The ultimate purpose is to improve output and performance. It is usually an ongoing process that brings about long-term benefit.

A few organizations, such as the U.S. Office of Personnel Management, have recognized the dichotomy when trying to use one evaluation system to support judgmental and developmental objectives. They found the benefits to support two discrete systems worth the additional administrative and financial costs. But these firms are in the minority. Most organizations are only willing to fund one system and the one-system users primarily focus on the judgmental aspects. Seeking a basis for short-term organizational administrative options, the performance appraisal becomes an effective, formal foundation for their decisions. However, fulfilling their immediate needs may be shortsighted.

While it may seem desirable from an administrative and expense standpoint to utilize only one type of instrument for both purposes, the consequences of that action may well be the selection of an instrument for its judgmental value at the sacrifice of the long-term improvement of human skills and organization effectiveness. Too often, understanding the process of getting results is sacrificed for the knowledge of what results were obtained. (10:59)

Appraisal Formats

The number of evaluation forms used today is exhaustive. Nearly every organization has first developed norms it wishes to promote and then has designed a form to measure these

standards. Nevertheless, these instruments are generally tailored to evaluate ratees on specific job behavior, personal characteristics, and/or job results. Moreover, most forms follow one of, or a combination of, the six common approaches to personnel evaluation: (1) graphic scale rating, (2) essay, (3) forced choice, (4) rank order, (5) forced distribution, and (6) management by objectives (MBO). We will examine these formats in this section. We will also take a look at a more recent development used for evaluating managers--assessment centers.

The oldest and most widely used performance evaluation technique is the graphic rating. With this technique, the evaluator is presented with a form listing a number of ratee characteristics which are followed by a scale, numbers, or series of descriptive words. (see Exhibit 1) The evaluator marks the appropriate scale level, number, or notes the word that best describes the employee's performance. In some instances, he may also be given the opportunity to provide written input about each category. The deficiencies with this approach are: the characteristics measured are usually too broad, varying levels of performance are viewed differently by raters, and the appraisal is open to rater subjectivity. Graphic scale measurements do, however, provide a means wherein levels of performance can be discerned among employees.

In the essay technique to evaluation, the evaluator is asked to give a written description of the strong and weak

aspects of the employee's behavior. (see Exhibit 2) Guidelines are customarily provided on topics to be covered or the purpose of the essay. This approach may be used in conjunction with the graphic rating scale to further describe performance within the broad rating categories. This method is unduly dependent on the writing skills of the evaluator, is subjective, and is not quantitatively suited for personnel decisions. Nevertheless, this method possesses the potential to enhance employee development.

The forced choice method of rating has been developed in an attempt to improve the accuracy of ratings by reducing the biases, intentional or not, of raters. This is accomplished by providing the rater with 30-50 sets of statements from which he is to choose in each set the statement that is most and the one that is least descriptive of the person being rated. The statements are typically designed by personnel specialists and appear equally favorable or unfavorable in each set. (9:18) However, from previous research, the favorable ones are really meaningful and count for a person if checked; likewise, the predetermined unfavorable ones count against the employee. The entire system, including evaluation results, is administered by the Personnel Department. Therefore, since the rater does not know which statements are favorable or not, he is more apt to select those he truly feel best describes the evaluatee. This system is of some value when making personnel decisions but is not useful for employee development.

The next approach to performance evaluation is rank order. In this "method, the evaluator is simply asked to rate all employees from the best to worst performer using an overall criterion." (8:391) "The advantages of rank order are in simplicity and relative relationship of individuals." (7:3) A major shortcoming with this system is it does not identify strengths and weaknesses. Furthermore, it does not distinguish the degree of difference in performance between employees; for instance, two employees may be positioned next to each other on the list but their actual performance may run the extreme range from being nearly identical to being widespread. Accordingly, this system is useful when making personnel decisions and is of limited value when trying to develop employees.

The forced distribution (bell curve) method of evaluation was developed to try to alleviate problems inherent with the predominately used graphic rating scale system: specifically, inflation and central tendency. (We will cover these two problem areas in more detail in the following section.) With forced distribution, the evaluator is asked to rate employees within some fixed distribution of performance levels; i.e. no more than 15 percent of the employees may be rated in the lowest performance level, 60 percent in the middle performance level, and 25 percent in the highest category. The strategy is to force the majority of the ratees in the average (middle) performance category and the remaining minority in the high and low categories. (see Exhibit 3) Because the distribution of marks is forced, this system may not truly

reflect individual performance if the true performance levels of the group do not conform to the normal distribution; for example, a rating of "average" in a group of predominately high performers may be comparable to an "above average" in a group not performing as well. However, this system does attempt to force a scaled comparison between employees, which is beneficial when making personnel decisions.

A spinoff of the forced distribution method is the point allocation technique (PAT). "It is usually argued that the PAT approach brings equity and objectivity to a terribly difficult process--deciding how much to pay individuals in a large, complex organization." (13:44) In PAT, "each rater is given a number of points per employee in the group to be evaluated, and the total points for all employees evaluated cannot exceed the number of points per employee times the number of employees evaluated. The points are allocated on a criterion." (8:392)

The evaluation approach on the rise today is management by objectives (MBO),

. . . a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.

(22:36)

This system requires that both the supervisor and employee set measurable objectives at the beginning of an evaluation period. (see Exhibit 4) Then, at the end of the period, achievement of the objectives is measured and discussed with the employee.

This approach effectively blends itself into contemporary managerial concepts. Because the agreed upon goals of the organization and employee are the same, "goal congruence" is established. This is recognized as a positive motivator in today's business world. Moreover, many firms today are organizationally divided into responsibility centers headed by a manager. The budget plans submitted by these managers can easily become measurable objectives and therefore benchmarks of performance. (1:870) Furthermore, this system evokes participative management, a current managerial trend. Finally, this system is well suited for employee development.

A final point to remember is "All appraisal methods are designed to assist raters in their judgment task. They are not designed as a substitute for a rater's sound judgment and lack of bias, experience with and understanding of the appraisal format, frequent observations of ratee performance, and commitment to the assessment and development of his or her staff." (4:102)

We will close this section with a discussion of a new management-evaluation technique that has emerged with the formation of assessment centers. These centers have been primarily established to measure managerial performance and potential for promotion. Employees are selected to attend a 2-7 day extensive course which tests them through exercises, management games, leaderless group discussions, and interviews. "It is a process of placing individuals in contrived situational settings which approximate the real world to

determine how appropriately the individuals will perform."

(18:27-6) They are purposely presented with stressful situations which measure their ability to plan and organize, delegate authority, set work standards, and determine whether they demonstrate the skills and traits considered essential for effective management. At American Airlines, for instance, these specifically measured "behavioral dimensions" include:

"leadership, initiative, decisiveness, judgment, independence, delegation, communication, problem analysis, risk-taking, stress tolerance, assertiveness, creativity, and sensitivity."

(19:95) The cost to support assessment centers is considerable; nevertheless, many major firms such as IBM, General Electric, Ford, General Motors, and Merrill Lynch have found the expense worthwhile. "The assessment center technique offers evaluation from multiple raters, who tend to be objective and trained to make judgments on management skills, based on attentive observations of relevant standardized tasks, with all candidates being compared on a common yardstick." (12:320) Consequently, it has gained the reputation of being legally defensible when selecting managers. In fact, it is being used by the Equal Employment Opportunity Commission today.

Why Performance Appraisals Fail

A significant amount of time and money is consumed supporting performance appraisal systems; nevertheless, the many failures inherent in these systems severely limit their effectiveness. "These problems stem not only from lack of

skill, commitment, and/or understanding of the process itself, but also from the complexities and variations inherent in human judgment and the constraints presented by the context in which evaluations must be made." (4:viii) This section will review many of the sources of error within the three main categories of institutional problems, ratee problems, and rater problems and will end with a discussion on the most widely argued infirmity in systems today: inflation.

Institutional problems occur whenever the design of the system and/or administration of it inhibit the desired organizational outcome. For example,

the system must produce psychometrically sound and accurate results. This refers to a rating instrument's ability to measure that personal characteristic or aspect of job performance which it was designed to measure, and the degree to which the results of an appraisal are indicative of a ratee's true performance level. (4:13)

Other examples would be:

- lack of support from top management
- ignoring appraisal data when making management decisions
- inadequate training, particularly that necessary for evaluators
- lack of compatibility of appraisal with organization structure, size, work-force composition, technology, etc
- failure to change system when organizational tasks or objectives change

Institutional deficiencies can be minimized with clearly stated objectives, an effectively designed system, proper training, and cooperative support throughout all levels of the organi-

ration.

The underlying ratee problem deals with the degree of trust the employee has in the system. If the employee has confidence in the system he is more apt to positively adjust his behavior in response to the evaluation . . . a highly desirable outcome of most appraisal systems. However, problems originate whenever the employee does not understand the system and/or perceives it to be inequitable. One way to foster understanding is to have the employee participate in system design. Another is to train the evaluatees on the objectives, process, and expected results from the system. Confidence is engendered when the employee feels the rating received is not prejudiced and reflects actual performance. Most importantly, however, the employee must sense a responsibility for his performance and that organizational decisions will be based on the accurate documentation of this performance on his appraisal.

By far the most pervasive and damaging shortcomings with personnel appraisal systems are related to rater problems. A study of 300 U.S. corporations revealed "Managers resent the time it takes to do performance appraisals well; they are known to ignore the procedure when they can or to fudge their comments, to avoid the embarrassment inherent in criticizing subordinates." (5:20) For a system to be successful, the rater must be cooperative, well trained, and willing to devote substantial time and effort discussing performance and preparing formal evaluations.

Many of the more serious problems are subjective errors which arise from the rater-ratee relationship. A number of effects are possible:

- The "halo effect" may occur when the employee is evaluated on the basis of one or a few actions or job dimensions which have left a good impression in the mind of the rater. The rater then uses these few observations to color the entire report.
- The "central tendency" error exists when the rater is more inclined to grade in the middle of the scale, generally because he is unsure of performance or resists the added burden of justifying very high or low marks.
- "Negative leniency" is the product of the hard marker wherein the preponderance of grades are in the lower range.
- "Positive tendency" is a chronic problem which occurs when the rater has a propensity to mark his employees higher than their performance deserves. He usually does this either to avoid a confrontation with the ratee over a critical grade or because he perceives the high ratings as a requisite for the ratee's progression.
- "recency errors" are evidenced when the rater's review is influenced by a person's most recent performance or behavior; these errors may be compounded by the time delays which are incorporated into the appraisal process.

- "first impression" errors are made in the same way as recency errors, but the influencing factor in this instance is the first impression made by the employee upon the rater.
- "Similar-to-me" errors occur when the rater unconsciously tends to score employees they perceive to be similar to themselves higher than those they perceive to be different.

These biases distort the appraisal system results by restricting the marking range of the rater to the low range, middle range, or most oftenly to the high range. This tendency can best be reduced through appraisal design, by establishing specific objective standards to measure, by training the evaluator on how to effectively rate employees, and by convincing the evaluator that all raters in the organization are adhering to the same marking standards.

A second source of rater error appears because of the reviewing process. Inasmuch as the supervisor realizes the reviewing official has certain concerns, the focus of the evaluation is divided to satisfy two audiences: the employee and the reviewer. Both have different primary needs. In 1980, Dr. Peter J. McGuire conducted a survey to determine the supervisor's assumptions about the differing emphasis of need for both audiences. Two-hundred and fifty graduates of the Georgia Institute of Technology were surveyed. Seventy percent of them were serving in the capacity of appraiser which required at least second level review. They were asked to rank

certain items from 1 (most important) to 5 (least important) on their perceived importance to the employee and then to the reviewer. The survey results disclosed:

ITEM	EMPLOYEE	REVIEWER
- Specific suggestions for improvement	<u>154</u>	749
- Justification for high or low ranking (appraisal with numerical section) or		
- Employee's comparative ranking (appraisal without numerical section)	603	<u>167</u>
- Description of employee's most significant strength	581	476
- Description of employee's most significant weakness	526	305
- Employee's potential for advancement	364	568 (14:745)

Thus, the appraiser feels forced to deal with two diverse audiences in the same document. "The difficulty in practical terms is this: while the appraiser's ostensible task is to evaluate the employee, his or her own judgments are also being evaluated for their soundness, completeness, and the information they provide the second-level reviewer about operations." (14:745) Consequently, the appraiser reaches a compromise that generally places primary emphasis on his boss, the reviewer. Hence, the accuracy of the employee's evaluation is diluted.

Inadequate counselling by evaluators is one of the paramount causes of appraisal system breakdown. This is not always the rater's undoing since few of them receive training

on how to perform effective face-to-face performance appraisal discussions. When passing on "good news" the task is less difficult; however, when the news is not so good and the purpose is to give critical advice, the counselling session becomes a chore. "Getting criticism is an uncomfortable experience, often put out of mind. Counselling is frequently so cursory or poorly done that it is not recognized as performance counselling. Or, counselling is just not done on many occasions." (5:47) Consequently, the inclination is to rate employees higher to avoid the personal contact or at least make it a more pleasant event.

From the review of rater errors, it should become obvious that the normal tendency for the evaluator is to grade higher. This is exactly what happens. Rater biases lean them in this direction. Because the rating is focused somewhat on the reviewer, more likely the better the subordinate's evaluation looks the better the rater looks. And because the rater has to work with the ratee on a daily basis he is more apt to want a friendly relationship. Likewise, he is more prone to be sympathetic to the needs of the people he routinely associates with than be concerned with the overall objectives of the organization. For whatever reasons, most evaluation systems are plagued with ratings that mark the majority of their employees well above average, thus inflation.

Inflation is an appraisal disease of great proportion that deleteriously affects the appraisal process in too many

organizations. When a disproportionate number of employees is graded high, it becomes more difficult to discern who is most deserving of reward. Unfortunately, the truly superior performers are adversely affected. The more serious the inflation, the greater the reliance becomes on more subtle, less-defined secondary sources of appraisal information other than job performance. Examples would include education achievements, participation in civil organizations, and any individual recognition by whatever means. These characteristics are more personal in nature and are not necessarily in the primary overall interest of the organization.

Finally, inflation creates a serious problem for the evaluator who wants to be objective and do what is proper for the organization. He is faced with the ambivalent situation of wanting to do what is best for the organization but is also concerned with the welfare of his employees. He most often succumbs to the realities of the predicament and inflates the grades of his employees. Moreover, if the degree of inflation is severe, the evaluator is forced to search out the necessary superlatives to justify the higher grades . . . just to keep his employees average and competitive. And if he has a truly outstanding performer he has to go on a "word search" to come up with verbage that is eye-catching enough for this employee to stand out. This painstaking effort becomes marginally effective as the inflation worsens. Inflation can reach serious enough proportions that it can become useful solely from the negative point of view. That is, it becomes virtually

impossible to distinguish the above average worker. Only the negatively slanted comments receive any attention and can be used in the decision-making process.

Designing a Performance Appraisal System

After reviewing the purposes of performance appraisals, some common evaluation methods, and a number of problems associated with evaluating systems, how does an organization go about designing a workable system?

The approach I propose is one that weighs heavily on the use of the Management by Objectives (MBO) process. " MBO is a common-sense, systematic approach to getting things done that is based on principles and techniques that many good managers have been practicing for decades." (15:25) It requires the manager and the employee to focus on results rather than activities, building on developed strengths with modifications and additions as good judgment dictates. It offers the best overall solution to most of the diverse, larger organizations trying to marry the two principal purposes of appraisals into one form.

First, the executive level must determine that a formal appraisal system is needed. If so, they then decide the intended purpose or rationale behind the system; as has already been discussed, the purpose will normally be evaluative, developmental, or both.

Next, performance appraisal measures and standards need to be determined and developed.

Those aspects of job performance that have an impact on

success, differentiate between successful and unsuccessful performers, and are at least partially within the control of the person being rated should be identified as performance measures. Since most jobs are multi-dimensional, multiple measures will be chosen. Certainly, measures may be weighted differently, depending on contribution to overall performance. A thorough, systematic job analysis and an accurate, concise position description are an excellent basis for determining performance measures.

(21:74,75)

The appraisal measures and standards form the basis for evaluation methods and help determine the design of the evaluation form. Some of the salient characteristics the evaluation form should meet are:

Simplicity - It should be easy to understand and administer. It should not require an inordinate amount of time to complete. It should be clean, clear, and concise.

Relevancy - It should require information related directly to the tasks and responsibilities of the job, and should reflect the sequence a manager is expected to follow in appraising performance.

Descriptiveness - It should require managers to cite examples of the employee's performance, good and bad. If done well, and the ratings are clearly defined, an outsider ought to be able to read a completed form and arrive at the same rating as the appraiser.

Adaptability - It should allow managers in different functions and departments to adapt it to

their particular needs and situations. The form should encourage flexible usage.

Comprehensiveness - The form should allow space to describe the total job for the total time period.

Objectivity - Criteria should be defined so all raters assess the same factors. It should be scaled to equal employment opportunity requirements.
(16:50)

Next, the organization determines training needs and how to satisfy them. A number of recent findings has determined that many of the shortcomings of performance evaluation systems can be rectified by designing training programs that prepare the organization, the raters, and the ratees for the new process.

Then, the program should be implemented following a predesigned implementation schedule. It should be fully supported by all levels of management and be understood by all employees. Moreover, organizational policies and program administration should be formally documented.

The program is now ready to pass on to the supervisors who must now put the formalized system to effective use . . . to many, the supervisors are the "key to success or failure" of an evaluation program. Supervisors must be trained in performance evaluation techniques and their potential use as a management tool, strive to remove the many rating biases previously described, and realize that the evaluation system is

a continuing process, requiring considerable time and effort to administer properly. Foremost, they must believe in their system, use it fairly, and be able to pass this faith on to their employees. More specifically, they must communicate the rationale behind the system to their employees by

- (1) identifying key requirements of their job and developing a mutual understanding of responsibilities and goals; (20:106)
- (2) evaluating employee performance as objectively as possible through the use of specific goals and objectives; and
- (3) by providing a basis for improving job performance, offering continual support and feedback, and by gaining their commitment and involvement.

"The manager is the central actor in the performance appraisal drama, and a continuing campaign must be mounted to keep him a supporter and knowledgeable performer in sustaining the vitality of the system. From time to time managers should be asked about the system from their standpoint and how and where it could be improved." (17:153) An effective manager will achieve greater use of employee skills.

With the performance appraisal now in the hands of the practitioners, the evaluator and employees, the evaluation process begins. This process is cyclical with the typical cycle beginning with an initial meeting, followed by a review meeting, and ending with the final meeting. These meetings

should be scheduled in advance and provide the opportunity for frank, face-to-face discussions.

The cycle starts with the initial meeting where the evaluator and employee determine the requirements and responsibilities of the position being evaluated. Furthermore, they formulate goals which may be influenced by direction from upper management or the operating plans of the organization. Together they should also determine expectations during the evaluation period, establish methods to achieve results, set up time guidelines and determine ways to measure results. When the employees participate in determining their responsibilities, "they are evaluation period, establish methods to achieve results, set up time guidelines and determine ways to measure results. When the employees participate in the determining of their responsibilities, "they are more certain of their objectives and more disposed to seek improved ways of reaching them." (20:130) The meeting should end by scheduling a followup review.

Throughout the period between the initial meeting and the review, the evaluator should be aware of the employee's performance and keep accurate notes on what he sees. Approximately halfway into the period, the review meeting takes place. However, as many review meetings as the evaluator and ratee feel would be beneficial should be scheduled. If either the evaluator or ratee is new, they may desire more than one, whereas, after they get to know each other better, one may be sufficient. The meeting should begin with the employee self-

assessing his performance. Recognition of good work that is on target should be discussed and reinforced. Then, those goals not accomplished should be examined along with reasons for non-accomplishment. An understanding of the many specific reasons why people don't do what they are suppose to on the job would include:

- They don't know what they are suppose to do, when to begin it, when to end it, or what finished is supposed to look like.
- They don't know how to do it.
- There are obstacles beyond their control; material or equipment shortage, not enough time.
- Personal limits; wrong person in the job--they could never do it.
- They don't know why they are supposed to do it; the benefits or pain to the organization or themselves if they don't do it.
- No negative consequence for not doing it; continue to perform badly but no action taken by management.
- There is a positive consequence to them for not doing it; someone else will do it.
- There is a negative consequence to them for doing it; they will get more of it.
- There is no positive consequence to them for doing it; no one ever says thank you.
- There is no consequence whether they do it or not.
- They don't think it will work; no one tried to convince them.
- They think their way is better; no one explained why it isn't.
- They think something else is more important; no one explained the difference.
- They think they are doing it; lack of feedback.
- personal problems.

(18:6-6)

Steps to remedy problems should be agreed upon. Finally, new and/or revised goals and personal long range intentions should be studied. This meeting should also end by scheduling another review meeting or the final meeting.

The final meeting to review the written report ends this

cycle and can also be combined with the initial meeting for the subsequent cycle. The steps of this meeting are the same as the other review sessions except the written appraisal is discussed in detail. "Writing specific, logical, well-documented performance appraisals will go a long way toward maximizing the potential impact that appraisals can have on employee job performance." (11:10) Quality of performance will be evaluated by pinpointing areas in which the employee performed well and those in which minimum standards were not met. Plans for improvement will be established, if necessary. The greater the confidence between the supervisor and employee throughout the cycle, the more successful the program is apt to be. Constant, open communication is a significant element in the overall process. The supervisor and employee should informally interact throughout the process, thereby engendering trust, feedback, and support to the evaluation process.

Can you do anything about the system you're "locked into?" I say you can. We have pointed out many of the known pitfalls in appraisal systems. With this knowledge, you can determine which ones are within your control and those that you can do nothing about. If you determine that the recorded performance form prescribed by the organizational as unsuitable, you may want to adopt a working model of your own. "Then, using that model as the prime data source, complete the (institutional) form in line with organizational instructions. The (self developed) appraisal model and recorded performance (record) against it then becomes the supervisor's backup in the event

further information is needed to support whatever entries are made on the appraisal form." (15:124)

As far fetched as it may seem, the above procedure worked successfully for me for six years at two different locations. I had ninety employees at the first location and two-hundred at the second. They worked in a wide variety of specialty areas. Like most large organizations, the standard institutional form loosely described the desired marking areas: in this instance, they were the vague categories of proficiency, leadership, and conduct. Subjectivity or popularity were the prevailing rating influences throughout the organization. To inject objectivity into the system and to emphasize the importance of performance evaluation, my supervisors and I developed a local working form. Measurements were recorded on common daily work activities as well as individual specialty accomplishments. Feedback was given to each worker by his immediate supervisor every three months. Every six months the institutional form was completed. All supervisors, including myself, provided written comments during this period. Moreover, during this bi-annual review the worker was at liberty to discuss his performance with any of the other supervisors above his immediate one.

In my estimation, this program was an unequivocal success. Workers appreciated knowing what was important to management and what it took to make a higher grade. Quality of work improved. Teamwork flourished. All this, during a period where servicewide performance appraisal inflation had set in; and

because our local system monitored more definitive performance, our employees scored on the lower end of the personnel evaluation spectrum. Nevertheless, they were aware of what their weak areas were and what specific actions were necessary to receive a higher rating. My Service had to eventually overhaul its enlisted performance evaluation system to a more effective one that measured more clear-cut, definable work objectives.

There is one final topic that you should be made aware of before we leave this section. The legal aspects of performance appraisals and the ramifications that they may have on your system, specifically the area of Equal Employment Opportunity. Since the advent of the Civil Rights Act of 1964, a number of discrimination suits involving performance appraisal have been tried in U.S. Courts. Title VII of that act states:

It shall be an unlawful employment practice for an employer; (a) to fail to refuse to hire or to discharge any individual, or otherwise discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment because of such individual's race, color, religion, sex, or national origin, or (b) to limit, segregate, or classify his employees or applicants in any way which would deprive or tend to deprive any individual of employment opportunities or to otherwise adversely affect his status as an employee, because of such individual's race, color, religion, sex, or national origin.

Since performance appraisals are the source data in making the above mentioned decisions, they have come under the scrutiny of the courts. In many instances, the employer has been found guilty and was forced to pay a handsome fine. Therefore, to decrease the probability of losing a legal suit, organizations

should:

- Analyze the job to ascertain characteristics important to successful performance.
- Incorporate these characteristics into a rating instrument.
- Communicate performance standards to employees.
- Train supervisors to use the rating instrument.
- Document evaluations and reasons for subsequent personnel actions.
- Monitor the performance-appraisal system.

(3:37)

These guidelines directly coincide with the procedures previously described in our model. Although they cannot prevent EEO litigation, they provide firm evidence to legally defend appraisal practices.

Conclusions

There's a plethora of written information available on performance appraisal systems. Most text writers agree with the fundamental requirements necessary for an effective system. I have tried to present the more popular ones, and the ones I believe in, in this paper. Nevertheless, the intricacies and complexities involved with maintaining an effective system are not always clear. The larger the organization, the greater the challenge. What I have found interesting during this research was that articles abound on methods to fine-tune an appraisal system, but I have yet to find an article on a proven, potent appraisal system. Granted, a system that works should enable us to develop our employees and/or make rational personnel decisions. The stumper is: how can we measure the entire employee population and ascertain that we are in fact developing and promoting the very best?

This research and my own experiences have left me with the following conclusions regarding performance appraisal systems:

- they are highly complex and require substantial coordination
- they can generate intense emotions
- verifiable statistical measurement of their effectiveness is near impossible
- a certain proportion of raters will always exist who are unwilling to put forth the demanding effort required to maintain the system
- ratees know that the way to a higher score on their evaluation is whatever is important to their boss, the rater.

Despite their many areas of weakness, I cannot imagine what the consequences would be if an organization did not have an evaluation system. On the more positive side, I have found that most employees truly desire to know what is expected of them and how well they are performing. A system that engenders a closer communications bond between the rater and ratee can be a valuable asset in itself. When the goals of the organization, the evaluator, and the worker are in consonance, much wasted effort is eliminated. Likewise, despite the discomfort in most counselling sessions, I have found them to be profitable. Rarely does a ratee not respond to an identified perceived deficiency. And, as I stated earlier, false perceptions can be clarified. Finally, if the employee does not want to change, you have at least given him the opportunity to do so and now

have substantiated grounds for lowering his grades or for his removal.

In closing, the reader should now realize that performance evaluation is a very dynamic process. The final tapestry blends together those organizational elements of the executive level, management, and the workforce with the dominant player being the manager or supervisor. The process begins when the organization decides there is a need for an evaluation system, determines its objectives, and develops a program. Evaluators and employees are then introduced to and trained in the system. The evaluation cycle is the process wherein supervisors and employees continually interact with each other with the supervisor being essentially responsible for providing the employee the information on "what is expected of him" and then counselling him on "how well he performed." An effective program will engender manager-employee confidence, employee development, and form a firm basis with which to make sound managerial decisions.

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EMPLOYEE EVALUATION - ANONYMOUS

1. The employee is energetic on the job, is willing to exert effort accomplishing tasks.

2. The employee performs job-associated tasks well, whether they require physical, mental, or professional skills, is considered very skilful.

3. The employee follows through well; accomplishes all tasks required to complete a job that is assigned to him or her.

4. The employee works independently with little need for additional supervision or help.

5. The employee inspires others to action; accomplishes goals by having a positive influence on the behavior of others.

6. The employee understands and carries out oral or written instruction.

7. The employee understands the behavior of fellow workers, superiors, and subordinates; can "stand in other person's shoes."

8. The employee provides new solutions to problems, creates new methods and procedures for accomplishing objectives.

9. The employee takes pride in doing good work and producing a first-rate product; strives to be best at whatever he/she does.

LOW RANGE

1. VERY POOR

2. FAR BELOW AVERAGE

3. Below average

CENTRAL RANGE

4. Slightly below average

5. Average

6. Slightly above average

HIGH RANGE

7. Above average

8. FAR ABOVE AVERAGE

9. OUTSTANDING

PART IV - BEHAVIORAL DIMENSIONS

1. The employee is energetic on the job, is willing to exert effort accomplishing tasks.

1 2 3

4 5 6

2. The employee performs job-associated tasks well, whether they require physical, mental, or professional skills, is considered very skilful.

1 2 3

4 5 6

3. The employee follows through well; accomplishes all tasks required to complete a job that is assigned to him or her.

1 2 3

4 5 6

4. The employee works independently with little need for additional supervision or help.

1 2 3

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5. The employee inspires others to action; accomplishes goals by having a positive influence on the behavior of others.

1 2 3

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1 2 3

4 5 6

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1 2 3

4 5 6

Performance Planning and Career Counseling Worksheet

BANK OF AMERICA



Name _____

Branch/
Dept. _____

No. _____

Planning Period _____

Month

Year

To _____

Month

Year

Principal responsibilities of present job:

Performance objectives and/or rating
criteria and specific measures of results

Comments on results achieved

14. PERFORMANCE OF DUTIES (In comparison with other officers with similar length of service in grade, consider the requirements of his position and evaluate his performance.)

PERFORMANCE										
PERFORMANCE FACTORS	NOT OBSERVED	OUTSTANDING PERFORMANCE. DEMONSTRATES UNUSUAL ABILITY TO FILL POSITIONS OF HIGHEST RESPONSIBILITY AND AUTHORITY. MOST HIGHLY QUALIFIED.		EXCELLENT PERFORMANCE IN MOST ASPECTS OF HIS POSITION. FREQUENTLY DEMONSTRATES OUTSTANDING PERFORMANCE. WELL QUALIFIED TO FILL POSITIONS OF HIGHEST RESPONSIBILITY AND AUTHORITY.		VERY GOOD PERFORMANCE IN MOST ASPECTS OF HIS POSITION. FREQUENTLY DEMONSTRATES EXCELLENT PERFORMANCE. HIGHLY QUALIFIED FOR HIS PRESENT POSITION.		GOOD PERFORMANCE IN MOST ASPECTS OF HIS POSITION. FREQUENTLY DEMONSTRATES VERY GOOD PERFORMANCE.		UNSATISFACTORY PERFORMANCE
1. Primary Duty		9	8	7	6	5	4	3	2	1
2. Management and Planning		9	8	7	6	5	4	3	2	1
3. Speaking Ability		9	8	7	6	5	4	3	2	1
4. Accomplishments		9	8	7	6	5	4	3	2	1
5. Government Inter-Service / Public Relations		9	8	7	6	5	4	3	2	1
Overall Performance Composite of 1. thru 5.		9	8	7	6	5	4	3	2	1
Desired distribution of marks in 1.		25%	40%	20%						15%

15. ATTITUDE (Indicate your attitude toward having this officer under your command.)

PARTICULARLY DESIRE TO HAVE HIM PREFER HIM TO MOST BE PLEASED TO HAVE HIM BE SATISFIED TO HAVE HIM PREFER NOT TO HAVE HIM UNSATISFACTORY

16. COMPARISON (In comparison with other officers of his grade, how would you designate this officer?)

THE VERY BEST I KNOW ONE OF THE FEW HIGHLY OUTSTANDING OFFICERS I KNOW A VERY FINE OFFICER OF GREAT VALUE TO THE SERVICE A DEPENDABLE AND TYPICALLY EFFECTIVE OFFICER IS NOT QUALIFIED AT HIS LEVEL UNSATISFACTORY

Previous editions are obsolete

SN-7530-00-FOI-7140

17. PERSONAL QUALITIES (In comparison with other officers with similar length of service in his grade, to what degree has this officer exhibited the following qualities?)

17. PERSONAL QUALITIES (In comparison with other officers with similar length of service in his grade, to what degree has this officer exhibited the following qualities?)	NOT OBSERVED	OUTSTANDING		EXCELLENT		VERY GOOD		GOOD		UNSATISFACTORY
a. LEADERSHIP Ability to plan, direct and guide the development and operation of the service; ability to solve complex problems of highest management through proper use of staff and facilities.		9	8	7	6	5	4	3	2	1
b. HUMAN RELATIONS Ability to establish good relations with the highest levels of national, local and service leadership; ability and poise in meeting social and ceremonial obligations; interest in the personal welfare and development of subordinates; interest in service policies and programs having to do with equal opportunity, individual welfare and development; ability to lead in a humane, cooperative and morally responsible manner.		9	8	7	6	5	4	3	2	1
c. PROFESSIONAL KNOWLEDGE Knowledge of the service, its roles and missions; knowledge of the command to which he is assigned; knowledge of the service's relationship with international, national, state and local governments, other armed services and federal agencies, private industry and unions and with various other organizations with which he may have to deal.		9	8	7	6	5	4	3	2	1
d. JUDGMENT Ability to recognize and select the important problems for action; ability to combine intelligence, knowledge, a sense of the feasible and a sense of the practical in guiding the management of the service.		9	8	7	6	5	4	3	2	1
e. FORCE Proper control of positive motivation, moral courage, loyalty to superiors and subordinates, loyalty to service and country; ability to take initiative; courage of his convictions but willingness to abide by and live with official decisions that run counter to his own.		9	8	7	6	5	4	3	2	1
f. INITIATIVE Motivated to increase the Coast Guard's contributions to the nation by introducing and implementing worthwhile ideas, innovations and new developments, both his own and those of subordinates. Ability to follow through and control the direction rate and effect of actions which he has initiated.		9	8	7	6	5	4	3	2	1
g. Overall evaluation of personal qualities (Composite of a. through f.)		9	8	7	6	5	4	3	2	1
h. Desired distribution of marks in item g.		25%	40%	20%	15%					

"Example of a type of MBO Performance Appraisal Plan"

Specific Objectives for the Year 19XX	Results Obtained and Explanations
1. To achieve the sales growth of 14% to \$9 million, as set out in detail in the sales budget (ref PX13 13, dated October 1, 19XX). These sales to be achieved within the expense budget stipulated.	1.
2. To complete preparations for the launching of product X by April 1, 19XX.	2.
3. To test market product Y in New England district during August-September 19XX and recommend further action by October 1, 19XX.	3.
4. To insure that forward market analyses are carried out covering the Z product range and possible developments for that range: report to the Product Development Committee by July 1, 19XX. Recommending lines for R&D effort on this range.	4.
5. Improve the speed of order analysis to achieve daily order summarizes by product group by March 1, 19XX. Develop follow-up procedures to investigate variation in intake by product group.	5.
6. Draw up organization and manning proposals by October 6, 19XX, to departate the sales organization of Z product by July 1 19XX.	6.

Source: Thomas H. Patten Jr. (20:118)

END

DATE

FILMED

JAN

1988