CHAPTER 10

Appraisal

A Process in Search of a Technique

If anyone can solve the performance evaluation problem, he should be entitled to the Nobel, the Pulitzer, and the Heisman in the same year.

—Federal personnel official

After studying this chapter, you should be able to

• explain why personnel appraisal is at once important and paradoxical;
• weigh the advantages and drawbacks of typical types of appraisals;
• understand that appraisal accuracy may not be an important goal;
• appreciate why the root problem is not technical in nature;
• demonstrate and apply appraisal interview skills in a self-study exercise;
• discuss why an annual formal evaluation may be the least important component in an effective appraisal system;
• recognize the value of an exit interview;
• suggest ways to improve the appraisal process;
• assess alternative approaches to employee discipline;
• evaluate an appraisal system, through fieldwork, in the light of the characteristics of a “litigation-proof” process; and
• explore future trends in this arena.

After having been hired, classified, paid, and trained, an employee will have his or her work reviewed as the organization seeks to assess the extent to which the individual’s and the collective’s needs coincide—or conflict. Employees may value the appraisal process
for both intrinsic reasons (as a validation of their workplace efficacy) and extrinsic ones (recognitions and rewards). Because many decisions can hinge on these ratings, the process of personnel evaluation is central to strategic human resource management; indeed, the success of an organization depends on the success of its workforce. Playing key functions in employee compliance, performance improvement, and system validation, appraisal reviews are mechanisms for reinforcing organizational values. They provide data on the effectiveness of recruitment, position management, training, and compensation (where such information is most frequently used). In the absence of this feedback, executives may have difficulty understanding how well other management functions are working. Likewise, judgments about individual conduct may be needed if performance-contingent decisions in such areas are to have a rational basis.

Clearly, then, employee evaluation is central to strategic importance for the agency and a chief activity of management. It is also a complex function that includes administrative decisions (e.g., pay), developmental recommendations (e.g., training), technical issues (system design), and interpersonal skills (superior–subordinate appraisal interviews). Although a well-designed assessment process can benefit an agency, creating, implementing, and maintaining such a process is not easy. Programs serving multiple purposes, in fact, may serve none of them in an effective manner.

An emotional, inexact, human process, appraisal is a complicated, difficult task—one that most organizations do not do well. A review of performance reviews reveals that they are not good at what they are meant to do: evaluate performance. Two-thirds of employees receiving the highest scores in a typical appraisal system were not actually the organization’s highest performers (Thompson, 2014). In business, for instance, one survey revealed that 87% of managers and employees believed that performance appraisals were neither useful nor effective (Williams, 2012). A meta-analysis of more than 600 studies found that at least 30% of evaluations decreased employee performance (Kluger & DeNisi, 1996). Furthermore, less than 10% of organizations judge their appraisal systems to be effective (Grensing-Pophal, 2001). Not surprisingly, some organizations have elected to eliminate appraisals; SAS Institute, the software industry leader, ended its policy of conducting annual reviews and held a bonfire celebration to burn its appraisal forms.

There is no reason to believe, as discussed below, that the situation is any different in government. Indeed, only 20% of federal employees indicate that the appraisal system motivates them to do a better job (U.S. Merit Systems Protection Board [U.S. MSPB], 2003). Donna D. Beecher (2003), a founding member of the federal Senior Executive Service, has written that “performance management systems are rarely effective in communicating specific expectations, providing helpful feedback, engaging and energizing the workforce and raising levels of employee satisfaction” (pp. 463–464). It is highly ineffective for organizations to conduct individual evaluations if their systems are problematic. It is premature, for instance, to install a pay-for-performance plan if a sound appraisal system is not in place.

Personnel appraisal, in short, is one of an administrator’s most difficult issues, precisely because it is both important and problematic. Few other managerial functions have
attracted more attention and so successfully resisted solution (Halachmi, 1995, p. 322). Personnel systems predicated on rewarding merit are undermined when questionable appraisal practices take place. What these widely used and intensely disliked systems reveal is that instead of being a solution, they are often part of the problem; in point of fact, many authorities agree that appraisal can contribute to Enron-style corruption (Meisler, 2003; Spector, 2003) or workplace violence (Exhibit 10.1).

It follows that paradoxes abound:

- People are often less certain about “where they stand” after an assessment than they were before.
- The higher an individual rises in a department, the lower the likelihood that he or she will receive high-quality feedback; most employees perceive little connection between performance and pay.
- Although the communication of negative information is difficult, not communicating it can be much worse.
- Because it is impossible to have good ideas without also having a lot of bad ones, rewarding success is not enough; failure should also be recognized, especially if it results in valuable lessons.
- While authorities recommend that appraisal be kept separate from salary decisions (appraisal is supposed to be a developmental function; see, e.g., DelPo, 2007), most organizations link them tightly.
- The more appraisal systems are made objective, the more it is evident that there is no way to avoid their inherent subjectivity.
- If a manager does not effectively address an employee behavioral problem, the manager may be regarded as a problem.

Despite—or perhaps because of—the vexing, intractable nature of personnel review, political pressures to “just do it and get it over with” are substantial. Although members of the general public know about the problems with appraisals from their own work experiences, they nevertheless make an odd assumption: Because evaluations are done successfully (somewhere) in business bureaucracies, they should especially be used in government agencies. For this human resource function, myth is not merely more important than reality—it often seems to be reality.

This chapter begins with a discussion of the evolution, as eerie as it is, of the appraisal function. Common types of appraisals, who does them, and typical—if robust—rating errors are then examined. That section climaxes with a discussion of the fundamental and beguiling reason for these problems. Diagnosis completed, attention then shifts to ways to design and improve evaluation programs, including an examination of disciplinary systems. This leads to a specification of the characteristics of a system that could withstand legal scrutiny. The chapter closes by sketching future trends in this administrative function. The overall objective is to describe the processes, problems, and paradoxes, as well as to critique the premises on which many appraisal systems are built.
Exhibit 10.1 Preventing the “Ultimate” Evaluation Solution

The work site definitely has become leaner and meaner in the last generation. The traditional social contract between employers and their minions has been broken: Organizations downsize, management turns over, employees wonder if they are “next,” pay stagnates, benefits become more expensive, and computers monitor humans (see discussion later in this chapter). Beginning in the 1970s (with blue-collar employees) and continuing since the 1980s (with white-collar personnel), organizations have regarded employees not as valuable assets but rather as a flexible cost to be excreted as necessary. It is perhaps no coincidence that violence at work has become an important issue (U.S. MSPB, 2012).

About half of workplace violence is employee on employee; the balance involves citizens or family members entering offices. One in four employees has been harassed, threatened, or assaulted. Homicide is the leading cause of occupational death for women, the second for men. The costs of abuse to personal well-being, organizational productivity, and American society as a whole are substantial in terms of counseling, turnover, litigation, security measures, insurance premiums, and the social fabric of the nation.

Although many people—incorrectly—feel secure at work, offices, courts, schools, and hospitals are no longer safe havens; occupational violence is a serious and underreported public health problem. Indeed, defense mechanisms such as denial (“It can’t happen here”) actually put employees at risk and impede preventive measures.

Management policies, including personnel practices, can both provoke and help prevent violence in organizations. Factors such as poor job design, inadequate space, outdated equipment, demanding schedules and workloads, and weak interpersonal skills can lead to aggressive behavior. A key critical incident provoking danger, for instance, is performance appraisal, with its possible consequences: close supervision, layoff, and termination.

In 2007, following a negative performance review, a National Aeronautics and Space Administration employee shot his supervisor and took another employee hostage before killing himself. In an already tense workplace, the evaluation method used, how it is employed, and the way people learn about its results can produce paroxysms of shock and sorrow, anger, and rage. For example, not long ago a newly elected speaker of a southern state house of representatives distributed Christmas cards to all house employees on December 24. Those who received their cards in green envelopes still had their jobs; those whose cards were in red envelopes were told to clear out their desks by 5:00 p.m. Similarly (albeit without the Christmas cheer), a private corporation called the police to secure the premises and then asked 200 employees to go to the auditorium. They were told to turn in their building keys and were escorted from the company property. Neither of these cases, luckily, resulted in violence, but abandoned employees sometimes return to their former workplaces months or years later to exact retribution.

Although it is not possible to prevent violence entirely in American culture, the probability of crisis incidents in organizations can be lowered through proactive and reactive planning:

- Establishing a violence prevention team to conduct a needs assessment that includes a review of personnel recruitment, training, and appraisal practices, as well as employee assistance programs (see Chapter 8)
- Training managers to identify risks and to defuse problems that can precipitate incidents (perpetrators often evidence early warning signs, such as talking about retribution, threatening supervisors, and showing weapons to other employees)
The paradoxical nature of service ratings—rarely do they deliver in practice what is promised in theory—stems from the legacy of the spoils system (Chapter 1). Aghast at widespread looting, plunder, and corruption during the spoils system era, good-government groups, armed with scientific management techniques such as job analysis (Chapter 5), sought to guarantee competence by insulating employees from political influence. Reformers established merit systems, which were closely monitored by nonpartisan civil service commissions. As these systems evolved, the emphasis was on recruiting meritorious people (Chapter 3) and protecting them from partisan entanglements. Less attention was devoted to divining ways to evaluate their work; after all, the system was designed to select competent workers in the first place.

It should not be surprising, then, that although concern for employee appraisal has existed for a long time (Congress mandated evaluations as early as 1842), the topic for decades was a stepchild slighted by both academicians and managers. The dramatic growth of government during the Great Depression and World War II, however, culminated in considerable interest in appraisal programs, so that by the 1950s many jurisdictions had adopted them.
Characteristic of the times, an underlying faith in science to control, direct, and measure human performance resulted in the continuing search for the perfect evaluative scheme—or, if not the perfect scheme, then at least ways to improve existing technology. Thus, many of the early systems, based on personal traits (discussed in the next section), were widely criticized for failing to differentiate among employees: Virtually everyone received a “satisfactory” rating.

Aiming to correct this problem, the 1978 Civil Service Reform Act sought to evaluate employees not on subjective characteristics but on objective, job-related performance standards. This effort, in turn, produced its own set of problems, so that the National Performance Review (NPR, 1993, p. 36) declared it to be dysfunctional and detrimental to the success of governmental programs. In calling for simplified, decentralized, team-based evaluation, the NPR de-emphasized the need for results-oriented appraisals. This approach, as discussed below, has not been any more successful than it has been in business. Today, service ratings remain as the most criticized area of human resource management and seem to be endured only because realistic alternatives are not currently in wide use.

Abandoning the function altogether may not be a solution, however, because human beings have always made informal or formal evaluations of others. The challenge is to decide what to appraise in a manner that meets the needs of the organization and the individual. Ironically, “the primary problem supervisors encounter is not knowing who are the best performers, but rather measuring and documenting performance differentials” (Perry, 2003, p. 147). Recognize that in appraisal there is no “objective reality,” or ways to measure it, on which everyone agrees. What can be said is that the best are very good, the worst are very bad, and the middle is very large.

APPRAISAL SYSTEMS

You probably wouldn’t worry about what people think of you if you could know how seldom they do.

—Olin Miller

Designing and implementing a good assessment system takes not only planning but the achievement of a realistic balance as well. Some of the problems of appraisal are excessive subjectivity leading to various types of bias, lack of clarity, absence of preparation, over-reliance on annual assessment, use of forms that are too simple or too complex, and systems that are too ambitious. A well-thought-out evaluation process can reduce, but not eliminate, these concerns.

The Appraisal Process

The supervisor who comes to the annual review period and realizes that he or she had better get started has already failed. Appraisal is a yearlong endeavor, and no amount of last-minute work can make up for the preparation that a sound evaluation entails. The process should comprise a minimum of four elements: initial goal setting, monitoring and data availability, continuous feedback, and annual assessment.
• **Initial goal setting.** All employees should have goals. Many of these may simply be to meet productivity and quality guidelines, which, depending on the level of resources and level of competence, may be easy or hard to attain. Other goals may be to improve in select areas; still others may be to take on new projects. Goals may also concern improving competencies (knowledge, skills, and abilities) and thus be developmental in nature. No matter what the goals are, however, they should be specified in the beginning of the year. Ideally this is done as the result of the previous evaluation. Exceptions occur when there is a new employee, someone is given a new assignment, or an individual has performance issues during the evaluation period. If goals are assumed and not clarified, the subordinate has a legitimate reason to dispute the annual assessment review.

• **Monitoring and data availability.** Monitoring should occur throughout the year: Frontline personnel should be monitored regularly, and supervisors, specialists, lead workers, and managers intermittently. Data may come from observations, discussions with the employee, performance information, work products, complaints or compliments about the individual, work communications, and multirater evaluations. These data provide the basis for the annual review, which should include performance averages and comparisons as well as critical incident data. Performance averages reflect simple outputs (e.g., how many cases did the employee handle?), while comparisons reflect quality dimensions (e.g., what was the error rate of the cases handled and how did that rate compare with requirements or the rates of other personnel?). When such data are not available, the assessment will ultimately become more subjective.

  The critical incident technique identifies unusually superior or inferior events (not routine performance). The approach is usually required to assign the highest or lowest ratings in a category in a comments section. It can also be used developmentally for midyear improvements. A critical incident log may be helpful in supporting other appraisal formats provided that the anecdotal nature of the method is understood as both a strength and a weakness (e.g., people’s mistakes, rather than achievements, may be more likely to be recorded because employees are supposed to be competent).

• **Continuous feedback.** All employees should get regular feedback. When positive, it should take the form of supportive gestures (e.g., “good job” comments, or subtle indications that work is being properly done). When minor or operational adjustments are necessary, appropriate directions should be provided, with opportunities for clarification and verification if necessary. When significant corrections are necessary, candid (but polite) feedback and coaching are required and should be documented. This ensures that there are no “surprises” in the annual assessment. If feedback has not been clear and no attempt has been made to coach an employee, then the individual may dispute a low ranking. Some organizations require formal midyear assessments for new employees or for all staff. These should be standard procedure for first-year recruits because of their new context; midyear assessments for all veteran employees, however,
need to be balanced with supervisors’ spans of control as well as their other duties (accordingly, decisions regarding midyear reviews are generally up to the appraisers).

- **Annual assessment.** Yearly reviews may all be completed in a single period or on individual employees’ anniversary employment dates. Some organizations may stipulate the use of particular forms or provide choices of formats. No matter what the format and organizational culture, however, all personnel deserve annual assessments to know how they are doing; likewise, the organization deserves the accountability that comes with a process that affects other HRM functions. The types of annual assessments vary. The basic types, in their pure form, are discussed below.

Because there are few jobs with clear, comprehensive, objective output measures that eliminate the need for judgment, the most widely used evaluation methods are judgmental in nature. What differentiates them is the degree of subjectivity that is likely in the judgments made. The approaches can readily be grouped as trait-, behavior-, and results-based systems. It should be noted, however, that there is considerable variety in available techniques. Not only are they frequently combined with one another, but also different systems may be used for various types of employees. Only the most familiar are examined here, and even these, albeit in differing degrees, can produce either deficient evaluations (not all pertinent factors are considered) or contaminated evaluations (irrelevant considerations are included).

### Trait-Based Appraisals

**Trait-based appraisals** require assessments concerning the degree to which someone possesses certain desired personal characteristics deemed important for the job (Exhibit 10.2). These could include factors such as dependability, adaptability, productivity, communication, teamwork, continuous improvement, analytic ability, citizen service, professional development, stewardship, and cultural sensitivity. Descriptors must avoid being either too vague or not job related. Vagueness occurs when there are too few categories to evaluate and when definitions of categories are not provided. To emphasize job relatedness, forms should avoid the inclusion of traits that elicit personal feelings. Accordingly, categories such as friendliness (ambiguous), enthusiasm (amorphous), manner (open to multiple interpretations), and drive (can mean many different things unless better articulated) should not be used.

The strengths of trait rating are considerable. First, the appraisal form can be used across the organization with relative ease as a “default” assessment instrument; thus, it is an efficient method. Second, when the instrument is well constructed, the characteristics can address most major areas of work in a generic way; opportunities to provide additional factors make it possible to avoid oversights. Third, the form can be completed quickly and is readily computerized and electronically filed. Fourth, it is particularly appropriate for many frontline jobs in which the functions are mechanical, repetitive, and/or standardized.

The weaknesses of this type of format are also considerable. First, it is not customized, so everyone is evaluated using the same categories. Second, the potential to add categories is rarely taken advantage of, no matter how desirable it might be to expand the categories. Third,
**Exhibit 10.2  Example of Trait Appraisal**

<table>
<thead>
<tr>
<th>Appraisal Categories</th>
<th>Unsatisfactory</th>
<th>Needs improvement</th>
<th>Satisfactory</th>
<th>More than satisfactory</th>
<th>Outstanding</th>
<th>Not applicable</th>
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<td>Dependability</td>
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<td>Productivity</td>
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<td>Achieves established objectives</td>
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<td>Other</td>
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<td>Comments:</td>
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Signature: ___________________________

Person evaluated: Response: (not required)

Signature: ___________________________
ironically, the ease of filling out the form can be a major problem. Since the annual evaluation may be the single most important event in an employee’s year, rushing to get it done can lead to complications when judgments are made without care and documentation. Fourth, the format is not particularly good at capturing the essence of nonroutine and managerial work. When it is used for managers, additional specialized categories are often included. Fifth, as a sole assessment strategy, trait-based methods are reactive and past oriented.

There are colorful iterations of such graphic rating scales based on the characteristics chosen, their definitions (if any), and the number of categories (adjective or numeric) used. None, however, overcome serious validity and reliability questions. Thus, because it is difficult to define personality characteristics (much less the extent to which someone has them), subordinates may become suspicious, if not resentful, especially because this technique has little value for the purpose of performance improvement. Human traits, after all, are relatively stable aspects of individuals.

This is not to suggest that vivid personal characteristics are unimportant in job performance; individuals can hardly perform without them. And people routinely make trait judgments about one another, because this can be a powerful way to describe someone, so powerful that recalling something about a person typically elicits mention of a personal trait. Indeed, the use of flexible, subjective criteria seems inevitable, especially for ambiguous managerial jobs. Such characteristics often provide a shorthand way of describing an individual’s behavior and performance. This may explain why some experts contend not only that personal rating scales are reasonably valid and reliable but also that they are more acceptable to both employers and employees (Cascio, 2009; Gomez-Mejia, Balkin, & Cardy, 2011). And the use of informal (if not formal) subjective criteria seems inevitable. It follows, then, that “courts do not reject subjectivity” (Barrett & Kernan, 1987, p. 489) so long as raters focus on behavior and support judgments with facts. If they are consistent in their subjectivity, a defensible judgment has been rendered.

As Grote (2011) notes:

This deference by the courts to employers has been stated as the business judgment rule and has been acknowledged by the courts plainly: “We do not assume the role of a ‘super-personnel department,’ assessing the merits or even the rationality of employers’ nondiscriminatory business decisions.” . . . the appraisal is a record of a manager’s opinion. If the employee and the manager disagree about that opinion, the manager wins. (p. 10)

If personal attributes are a more natural way to think about other people (Gomez-Mejia et al., 2011), then requiring supervisors to use nontrait techniques—as most organizations do—is a sleight of hand that introduces well-known psychometric mistakes (discussed below). Many employees tend to believe that their supervisors’ liking of them influences evaluations, and to the extent that managers like good workers such compatibility can represent “true” performance levels. Attempting to minimize or remove subjectivity may not improve accuracy (Hauenstein, 1998).

Despite the inherent subjectivity of the trait-based format, it continues to be practiced because human beings frequently make trait judgments about others in daily life. The approach, although often inscrutable, seems intuitively sensible as a result.
When used with accurate job descriptions and trained evaluators, such ratings may become more credible. Even when the traits measured are job related (e.g., job knowledge, dependability), however, a landmark court opinion (Brito v. Zia Co., 1973) criticized their subjective nature because the results were not anchored in or related to actual work behavior.\(^5\)

Just as trait rating is no longer likely to be used alone, neither is the narrative essay technique; in fact, in one form or another written descriptions often supplement most appraisal formats. Because individuals are unique, thoughtful commentary can provide personal, intimate, and detailed information. Done well, such an essay includes discussion of an employee’s strengths and weaknesses, developmental needs, and potential for advancement. The premise of this approach is that a candid statement is at least as useful as more complicated techniques. Or maybe not.

The “anything goes” nature of such essays lends them to rater idiosyncrasies, subjectivity, and pop psychology. Their interesting, sometimes ambiguous, statements (e.g., “When it comes to self-improvement, Van Westman has great potential”) make comparisons virtually impossible. Subject to a wide variety of rater errors (see discussion in a later section), essay-type appraisals are often deficient and contaminated, and thereby unreliable and invalid. Although they may be of value to the employees reviewed, they are of limited use to anyone else. In their pure, stand-alone form, then, narratives are rarely used.

**Behavior-Based Systems**

Unlike trait-focused methods, which emphasize generic personal characteristics, behavior-based evaluation systems attempt to discern what a person actually does. The relatively tangible, objective nature of these systems makes them more legally defensible than personality scales. In point of fact, civil rights legislation enacted in the middle of the 20th century led to the development of tools that concentrate on behavioral data.

A behaviorally anchored rating system (BARS) defines the dimensions to be evaluated in behavioral terms and anchors or describes different performance levels (Exhibit 10.3). When introduced in the 1960s, BARS was claimed to be a breakthrough technology because raters could match observed activity on a scale instead of judging it as desired or undesired (Halachmi, 1995, p. 330). Because the scales are developed from the experience of employees, it was also thought that user acceptance was likely. As a job-related system, BARS remains relatively invulnerable to legal challenge.

Such a rating system relies on a customized analysis of the specific job and a breakdown of its component parts. Behavior-based assessments are used in many professions, such as teaching. In a teaching-oriented college, for instance (see Exhibit 10.3), three categories are usually identified and defined with possible metrics: teaching, service, and research. Such categories are in use throughout higher education, but their relative importance and definition differ (e.g., publication may be de-emphasized in a community college but emphasized in a research institution). At the K–12 level, categories might include planning skills, lesson plan implementation, communication with students, student evaluation activities, knowledge of curriculum and subject matter, alignment with prescribed curriculum, setting of high student expectations, evidence of academic growth, maintenance of discipline, collegiality with other teachers and parents, and following regulations.\(^6\) Behavioral assessments
### Exhibit 10.3 Behaviorally Anchored Rating Scale Using a Faculty Evaluation at a Teaching-Oriented Institution

<table>
<thead>
<tr>
<th>Appraisal Categories</th>
<th>Unsatisfactory</th>
<th>Needs improvement</th>
<th>Satisfactory</th>
<th>More than satisfactory</th>
<th>Outstanding</th>
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<tbody>
<tr>
<td>Teaching</td>
<td>Teaching is the single most important function for this faculty position, constituting approximately 50% of the job responsibilities. Elements of quality teaching include the syllabus, lectures, tests, projects, writing assignments, practice assignments, timely feedback, use of appropriate technology, teaching innovation, etc. Teaching quality is assessed by peer evaluations, student evaluations, instructor self-assessment, external assessments where appropriate, among others. A self-assessment of teaching is required.</td>
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<tr>
<td>Research</td>
<td>Research is approximately 30% of a faculty member’s responsibility for this position. Elements of a quality research agenda include a regular output of publications, the overall quality of publications, and professional contributions of a scholarly nature. Demonstration of quantity is provided by a portfolio of published work. The quality of work can be demonstrated by the number of citations of publications, journal impact factor, journal ranking, publisher reputation, etc. Demonstration of professional contributions can include roles as editor, advisory board member, symposium editor, etc. Pedagogical, applied, and artistic contributions are relevant as defined by the department.</td>
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Evaluation statement:
**Appraisal Categories**

<table>
<thead>
<tr>
<th>Service</th>
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<tr>
<td>Service is approximately 20% of a faculty member’s responsibility for this position. Service must include university service but may include service to the community as appropriate. University service includes support of general departmental operations (e.g., faculty meetings, convocation, commencement, etc.), faculty governance on various committees at various levels in the university, and student support (e.g., club adviser), as well as special administrative assignments. Community service should be related to the university, such as positions on municipal advisory boards, consulting (pro bono or paid), and speaking to or serving on professional organizations related to one’s discipline. Demonstrations of these activities should be included in a written statement, with documentation as appropriate.</td>
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**Evaluation statement:**

**Overall comments and evaluation**

are common for many professional groups—including police, fire/EMS, attorneys, accountants, social workers, analysts, medical staff, human resource management, and computer support staff—where job components can be identified for large employee groups. However, tailored behavior-based assessments are possible for any job or job group in which the position description is translated into an appraisal instrument.

In contrast to trait-based formats, then, behavior-based methods tend not to suffer from either vagueness or lack of job specificity. In fact, that is their strength—they are customized for a job or job group. The categories fit the work environment. The use of seemingly concrete data suggests that vagueness may be reduced. Finally, behavior-based systems tend to suit professional jobs, because they provide nuanced language and categories that professions themselves use.

### Table: Appraisal Categories

<table>
<thead>
<tr>
<th>Appraisal Categories</th>
<th>Unsatisfactory</th>
<th>Needs improvement</th>
<th>Satisfactory</th>
<th>More than satisfactory</th>
<th>Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td></td>
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Yet this method is often not practical because each job category requires its own BARS; either for economic reasons or because of a lack of employees in a specific job, the approach is often infeasible. An agency may not have personnel who have the time or inclination to design the instrument and then get it approved in a large bureaucratic setting. Indeed, many organizations prefer standardization partly because behavior-based forms can reduce uniformity and allow for perceptions of potentially unequal criteria.

Gomez-Mejia et al. (2011) argue that if personal attributes are a more natural way to think about other people, then requiring supervisors to use BARS (or, for that matter, any nontrait technique) is merely a sleight of hand that introduces psychometric errors (discussed in the “Rating Errors” section below). Indeed, these authors cite research findings indicating that both employers and employees prefer trait-based systems. Other studies have demonstrated that managers and staff personnel do not make much of a distinction between BARS and trait scales (e.g., Wiersma & Latham, 1986). Not surprisingly, there is little evidence to support the superiority of the behavior-based technique over other approaches.

Finally, most experts do not find that the potential gains in using BARS warrant the substantial investment the system requires in time and resources. Thus, where this technique is used, it may play a residual role, limited either to a small number of selected job categories or to the developmental function of personnel appraisal. Overall, then, whatever else trait- and behavior-based systems may do, they are largely silent on the question of what an employee is to accomplish, as they do little to ensure the alignment of goals and future plans except in areas denoted as deficient. For that reason, like trait-based assessment instruments, behavior-based instruments are often combined with a future-oriented or developmental component, similar to the appraisal type discussed next.

Results-Based Systems

Measuring neither personal characteristics nor employee behaviors, results-based systems, or outcome-oriented approaches, attempt to calibrate employees’ contributions to the success of the organization. Although “results” have always been of keen interest to administrators, management by objectives (MBO) promises to achieve substantial organization–individual goal congruence. Introduced in the 1950s, this most common results-focused approach establishes agency objectives, which are followed in cascading fashion by derivative objectives for every department, all managers, and each employee. Such linkages promise not only to minimize distortions common in the appraisal process (see below) but also to mitigate the paradox of needs. MBO systems require specific, realistic objectives, mutually agreed-upon goals, interim progress reviews, and comparison between actual and expected accomplishments at the end of the rating period. One format is to provide a form to be completed (Exhibit 10.4); another is to require an essay describing what has been accomplished during the year, how it matches with the employee’s predetermined goals, and an outline of future goals (Exhibit 10.5). The process may be facilitated through the use of specific, measurable, achievable, relevant, time-bound (SMART) criteria to guide objective setting and completion (Yemm, 2013).
The advantages of results-based systems are substantial. First, they ensure that there are in fact goals as well as linkage among individual and organizational goals. These systems encourage striving for higher goals. Second, they provide plans for accomplishment against predetermined objectives. Therefore, they are future oriented rather than past oriented. Third, the results-based approach emphasizes manager–subordinate interaction and joint planning. Finally, it is well regarded as a method by managers, executives, and employees who have project-based work flows.
Instructions to the person being evaluated. Write an essay about (a) your objectives for this year, (b) progress made in meeting those objectives, and (c) objectives for next year.

a. In discussing objectives, be sure to include all the major areas or elements of your job, as well as personal developmental goals. What concrete plans were made in the beginning or during the year to maintain or improve performance/quality/innovation, introduce new programs, discontinue nonfunctioning activities, and other issues? When appropriate, be sure to delineate where objectives fit into multiyear projects or initiatives and identify when the overarching goal is projected to be completed.

b. What is the status in meeting objectives? Provide concrete data on both process efforts (e.g., training sessions provided, number of individual coaching sessions) and actual results (outputs and/or outcomes). What unplanned challenges occurred? What unexpected opportunities occurred and were taken advantage of?

c. What are your objectives for next year? Specify the steps that will be used to achieve them and the way(s) in which achievement will be measured.

Despite its rationality and evidence of effectiveness, MBO, like other appraisal techniques, also has serious drawbacks:

- Although development of objectives may not be as technically demanding as it is in BARS, the process nevertheless is quite time-consuming; an effective program takes 3 to 5 years to implement. (Accordingly, few agencies adopt the formal hierarchical process to ensure organization–department–manager–employee linkage.)
- There are likely to be conflicting objectives, differing views on the appropriateness of the objectives, and disagreements about the extent to which objectives are mutually agreed upon—and fulfilled.
- Because it focuses on short-term goals, a compulsive “results no matter what” mentality can produce predictable quality and ethical problems, as anything that gets in the way of the objective gets shunted aside. (How a job is done often is as critical as output.)
- Not only is it difficult to establish equally challenging objectives for all people, but also expectations that they will invariably improve (an MBO-induced “treadmill”) can lead to user acceptance problems.
- The technique can stifle creativity because employees may define their jobs narrowly (as they “work to quota”), leaving some problems undetected and unresolved.
- Teamwork is likely to suffer if people become preoccupied with personal objectives at the expense of collegiality. (They may fulfill their goals but not be good all-around performers.)
- The method may not assist in the employee development function because performance outcomes do not indicate directions for desired change.
In short, results-oriented approaches are susceptible to contamination errors when results are affected by factors beyond employee control and deficiency problems. When results are emphasized, important “organizational citizenship” behaviors may be discouraged. Further, the considerable effort that supervisors must devote to results-based performance schemes often provokes comments like this one from a federal manager: “I don’t have time to do evaluations, now, so how would I have the time to do this?” (quoted in Ziegler, 2004, p. 6). The sort of rational planning embodied in MBO is seldom effective; the human condition is too complicated and human reason too frail. “MBO works,” Peter F. Drucker, the founder of the technique, wrote, “if you know the objective; 90 percent of the time you don’t” (quoted in Gilson, 2007); the law of unintended consequences likely will prevail. Treating people like the responsible professionals they are, instead of like rational robots, will probably produce superior results. “You can be totally rational with a machine,” wrote Akio Morita, founder of Sony. “But, if you work with people, sometimes logic has to take a back seat to understanding.” Nevertheless, MBO in particular remains a popular technique for appraising managers because their roles are often ambiguous, and it does provide a measure of accomplishment against predetermined objectives.

Commentary

*Man plans, God laughs.*

—Yiddish proverb

To summarize, Exhibit 10.6 specifies the promise, problems, and prospects of the three categories of appraisal. Although the intuitive appeal of trait rating is considerable, this method is highly susceptible to both contamination and deficiency errors. Its future potential, accordingly, is limited to a supplemental role in the review process because of subjectivity and vulnerability to court challenge. Systems based on employee behavior hold substantial promise because they are job related—something most judges expect. They, too, are likely to play a modest role in the years ahead, however, largely because of their susceptibility to deficiency errors and, in the case of BARS, high technical demands coupled with limited applicability. Results-derived approaches,

<table>
<thead>
<tr>
<th>System</th>
<th>Promise</th>
<th>Characteristic Problems</th>
<th>Prospects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trait based</td>
<td>High (intuitive appeal)</td>
<td>High (contamination and deficiency errors)</td>
<td>Low (supplemental role)</td>
</tr>
<tr>
<td>Behavior based</td>
<td>High (job related)</td>
<td>Average (susceptible to deficiency errors)</td>
<td>Average (high technical demands)</td>
</tr>
<tr>
<td>Results based</td>
<td>High (face validity)</td>
<td>Average (deficiency problems)</td>
<td>Average (emphasizes accomplishments)</td>
</tr>
</tbody>
</table>
like the others, have face validity but often suffer from a host of deficiency and implementation problems. Still, they do emphasize actual accomplishments, as opposed to personalities or behaviors, and therefore may survive litigation.

Although combinations of techniques can offer advantages, available research does not support a clear choice among methods. Because each has its own strengths and weaknesses, selecting one to cure a problem likely will cause a new problem; there is no foolproof approach. Notice, too, that all three systems are backward-looking. Because there is no systematic continuous improvement process, they may be self-defeating as they perpetuate the organizational status quo. The more efficiently traditional appraisals are done, paradoxically, the more likely it is that the organization will remain the same. Hauser and Fay (1997, p. 193) wistfully argue that the search for the perfect instrument—a goal that has eluded industrial psychologists for more than 70 years—is now largely regarded as futile. Instead, they suggest, efforts to improve the overall process likely will provide much larger returns than attempts to develop (and redevelop) seemingly better rating forms every time a new high official takes office.

The technique used, then, is decidedly not the central issue in personnel appraisal, because the type of tool does not seem to make much difference (Cardy & Dobbins, 1994). A National Research Council study found no conclusive evidence to support claims that distinguishing between behaviors and traits has much effect on ratings. Psychologically, supervisors form broad opinions that affect their evaluation of actual work behaviors. There is little research evidence that rating systems using job-specific factors produce results much different from those using general dimensions (Milkovich & Wigdor, 1991).

That is, available data indicate that judgments about performance are not necessarily correlated with results (Murphy & Cleveland, 1995) precisely because these decisions rely on cognitive abilities that are notoriously prone to error (see “Rating Errors” below). Compromised evaluations are common. Not surprisingly, the choice of tools is less significant than the fact that employees often have little confidence in the abilities of managers to implement the tools effectively. It is not the assessment technique that fails to yield an accurate evaluation; it is the manager. The NPR (1993) found, for instance, that “performance ratings are unevenly distributed by grade, gender, occupation, geographic location, ethnic group, and agency” (although shoe size was not mentioned) (p. 32). That is, technically sophisticated and well-designed systems do not operate in a vacuum; organizational culture, leadership credibility, employer–employee relations, and levels of trust affect the efficacy of appraisal processes. Stated differently, it is important to ensure that there is an alignment between organizational performance and individual performance (Riccucci & Lurie, 2001). The exact evaluation method used is less relevant than building a goal-oriented organization where people have productive attitudes toward work and each other (Palguta, 2001).

Appraisal software programs nonetheless promise to (1) enable managers to select pre-digested forms (or to design their own), (2) walk them through form completion (including tips and hints, provision of preprogrammed phrases and prompts for examples, and even reminders when appraisals are due), and (3) verify their work with arithmetical, logical consistency and legal checks before printing out professional-looking reports. Prospective customers are assured by one enthusiastic vendor that using an automated system is...
“a snap.” A balanced review of these programs, however, reveals that they run on algorithms with no knowledge of organizational culture, job standards, or individual performance—elements whose importance is likely to intensify in a virtual workplace. Indeed, such programs make the process too easy; managers should devote real thought to appraisals, and not simply point and click. The software contributes nothing to the most important part of service ratings: the manager–employee interview (discussed in a subsequent section).

RATERS

Given that common appraisal methods are judgmental in character, an important question is, Who makes this judgment? Traditionally, there was one answer: the subordinate’s immediate supervisor. Other knowledgeable information sources include the ratee, peers, computers, and outsiders.

Self-appraisals, based on the belief that employees have important insights about how their jobs should be done, can provide valuable data, particularly when supervisors and subordinates engage in joint goal setting. These evaluations are, however, subject to distortions, including self-congratulation and, less likely, self-incrimination. (For a devastating critique of this technique, see Kunreuther, 2008.) People tend to be inadequate judges of their own performance. Inept individuals are often self-assured because they are deficient in self-monitoring skills; their incompetence robs them of the aptitude to realize their own incompetence. Such employees lack the ability to see that they lack ability: They confuse confidence with competence. It is well established, for instance, that many people attribute their good performance to their own efforts and blame their poor performance on other factors. These biases can be moderated if objective standards exist and the ratee is regularly provided candid feedback. Still, because self-evaluations tend to focus on personal growth and motivation, they are best used for developmental rather than administrative purposes.

As work in some organizations has changed from a stable set of tasks done by one person to a more fluid ensemble of changing requirements done by groups of employees, peer evaluations, also known as team evaluations, have become appropriate. In an agency culture high in trust, where coworkers develop rating scales and have access to relevant information, such assessments can be accurate. When these conditions do not exist, supervisors likely will be reluctant to give up control, and subordinates will often see these techniques as a disruptive competition that can easily be sabotaged by lenient ratings or converted into “popularity contests.” Thus, these reviews are often most useful when done anonymously and for developmental reasons.

The objective of electronic monitoring (via e-mail and video surveillance, website blocking, GPS tracking) is to increase productivity, improve quality, and reduce costs by continuously collecting performance data, pinpointing problems, and providing immediate feedback (Flynn, 2008). To illustrate, in one form of such monitoring, sensor-rich lapel badges transmit data about the wearers’ frequency of, and gestures during, conversations. When electronic monitoring provides objective performance appraisals, employee satisfaction and improved morale could result. Today, computer-generated statistics are the basis for evaluations of millions of office workers. The virtual work site of the future is almost
certainly going to expand the collection and use of such information. Indeed, as software becomes more sophisticated, a wide variety of occupations (e.g., medicine, engineering, accounting) are likely to undergo electronic scrutiny. Harrah’s casinos, for instance, track the smiles of workers on the grounds that they affect customer satisfaction. When implemented without reasonable safeguards (e.g., employee access to data, rights to challenge erroneous records, rating decisions made on the basis of nonelectronic as well as electronic information), such a program can create an “electronic sweatshop” environment that is damaging to employee creativity, morale, and health. If personnel feel helpless, manipulated, and exploited, then they will eventually find ways to circumvent most monitoring techniques.* Overall, the majority of employers monitor the activities of their subordinates in some form, and clandestine observation is widespread; the trend is toward more surveillance, more loss of privacy, and greater control by management (West & Bowman, 2014).

Finally, multirater systems, or 360° evaluation systems—those that gather information from superiors, subordinates, peers, and citizens—by definition provide more data than other approaches. More data may produce more reliable, but not necessarily more valid, information. The administratively complex and time-consuming nature of these systems is compounded by distrust among peers and a lack of convergence among the different information sources. That is, managers may be confronted with a host of seemingly conflicting opinions—all of which may be accurate from the opinion holders’ respective viewpoints. Systems that assure respondent anonymity and encourage participant responsibility, nevertheless, no doubt supply some useful feedback for improving both management processes and employee development.

The value of the method reveals itself, paradoxically, when it is used as a developmental—not an evaluation—technique, an approach that reduces fear and encourages honesty. Organizations that use multirater systems in this way foster a “development culture” that, in turn, results in higher performance (Carson, 2006). In short, although an employee’s immediate supervisor is apt to play an important role in the rating process, seeking feedback from other sources is increasingly seen as a way to obtain a more holistic understanding of performance (Society for Human Resource Management, 2000). Currently, one-third of American organizations use multirater systems. An effective program is one that has been developed in a participatory manner, has been pilot tested, and provides adequate training to both managers and employees. There has been little critical evaluation of 360° appraisal systems.

**RATING ERRORS**

The use of ratings assumes (rather naively) that the definition of job performance is clear, that direct measures are available to assess the employee, and that evaluators are reasonably objective and exact. With the misguided conviction that objective criteria are possible, necessary, and desirable, “precise imprecision” is sought. This illusion of manageability encourages officials to believe that personnel can be manipulated to contain, correct, and/or reverse their behaviors if only they devote a little extra effort to their work. Yet regardless of the appraisal instrument used, a large number of well-known kinds of errors (examined below) occur in the process. These errors result from four
primary causes: cognitive limitations, intentional manipulation, organizational influences, and human nature. When errors happen—and they are difficult to prevent—not only is the rater’s judgment called into question, but also the resulting evaluation may leave the ratee unable to judge his or her own performance accurately.

Cognitive Limitations

When confronted with large amounts of information, people generally seek ways to simplify that information. Cognitive information processing theory maintains that appraisal is a complex memory task involving data acquisition, storage, retrieval, and analysis. To process data, people employ subjective categories that in turn produce no less than six problems. Thus, compatibility error (also known as similarity or liking error) is potent because both compatibility and ratings are person focused. Indeed, as noted above, most employees believe that their supervisors’ opinions of them influence evaluations (Cardy & Dobbins, 1994). When the Wei dynasty in China rated the performance of its household members in the third century, the philosopher Sin Yu noted, “An imperial rater of nine grades seldom rates men according to their merits, but always according to his likes and dislikes.” This error may be tempered, however, to the extent that managers like good performers. In other words, flaws in rating can represent, paradoxically, “true” performance levels, and removing such errors may not improve accuracy (Hauenstein, 1998).

The second mental shortcut is the spillover effect (also known as the halo effect or black mark effect); that is, if the ratee does one thing exceptionally well (halo) or poorly (black mark), then that unfairly reflects on everything else he or she does. Third, the recency effect occurs when a major event has taken place just prior to the time of the evaluation and overshadows all other incidents. Fourth, contrast error exists when people are rated relative to other people instead of against performance standards. Fifth, outcome bias is the tendency of raters to see the result of performance as the most important consideration in an evaluation regardless of whether or not it was the consequence of factors beyond the employee’s control. Finally, actor(observer) bias (partially alluded to earlier) occurs when subordinates, as actors, point to external factors to explain their weak performance, whereas supervisors, as observers, attribute that weak performance to the employees. Ratings, in short, are as much a reflection of raters as they are of those being evaluated.

Intentional Manipulation

The second general source of rating problems is that appraisals in many organizations are adroitly seen as a political, not necessarily a rational, exercise. Results are deliberately manipulated to be higher or lower than employees deserve. The goal is not measurement accuracy, but rather management discretion and organizational effectiveness. The Nuclear Regulatory Commission, for instance, “made a conscious decision to be more generous with its performance ratings” (Losey, 2008, p. 1; emphasis added) in order to boost retention, acknowledge increased workloads, and be more competitive with private industry. As one expert has noted: “It would be naive to think of performance appraisal as anything other than a political process. . . . Rating accuracy is not always the goal of appraisers . . . , and
there are many situations where providing inaccurate appraisal data is sound management” (Hauenstein, 1998, p. 428, emphasis added; also see Tziner, Murphy, & Cleveland, 2005).

Accordingly, leniency error, also known as friendliness error or the “Santa Claus effect,” is the consequence of a desire to maintain good working relationships, maximize the size of a merit raise, encourage a marginal employee, show empathy for someone with personal problems, or avoid confrontations (and appeals) with an aggressive worker. This type of error is exacerbated when raters think that other supervisors are inflating their employees’ evaluations. There is a consensus that when reviews are done for administrative purposes (as opposed to for developmental reasons) they tend toward leniency (Curtis, Harvey, & Ravden, 2005). The aphorism “We’d rather be ruined by praise than saved by criticism” seems apropos.

Fair appraisals, in short, are not necessarily accurate. Indeed, severity error (the “horns effect”) may be present when an appraisal is used as a way either to send a message to a good performer that some aspect of his or her work needs improvement or to shock an average employee into higher performance. More than 70% of managers in one survey reported that they deliberately inflated or deflated evaluations for such reasons (Longenecker & Ludwig, 1990). Note that the inherent conflict of interest present in supervisory evaluations is a powerful political reason likely to make the leniency effect prevail over other psychometric errors. That is, if all (or most) subordinate evaluations are inflated, then the supervisor may look like an effective manager; if the appraisals are not so inflated, then his or her management abilities may be called into question.

The employer, however, has an obligation to conduct appraisals with due care. This duty may be violated (as a result of the Santa Claus effect) when a poor performer receives satisfactory ratings and subsequently is subjected to attempts at termination. The importance of proper diligence is illustrated by a 2000 Federal Bureau of Investigation report that pointed to concerns about Arab nationals training to fly aircraft with no interest in learning how to land them. The report was rejected, unread by an FBI official who in 2002 received a cash award for performing his duties in safeguarding the American people.

Organizational Influences

This leads to an examination of a set of organizational influences that cause a variety of problems. The first of these is insufficient management commitment to performance appraisal. In light of the difficulties with various evaluation schemes, much skepticism, a sense of futility, and even doubts about the possibility of performance appraisal exist (Nigro, Nigro, & Kellough, 2007, p. 170). For some administrators, then, investing heavily in these systems does not make a lot of sense. One Florida school superintendent, referring to legislative dictates, noted that “we have changed proficiency standards 21 times in the last six years,” and 100% of teachers were rated “highly effective” or “effective.” Stated differently, the daily press of business makes evaluations a peripheral, not a central, responsibility. According to the U.S. Merit Systems Protection Board, “When the work being evaluated involves more than counting widgets, human judgment will always come into play. Therefore, spending inordinate amounts of resources trying to objectify the evaluation of performance will likely not be successful” (Crum, 2009, p. 5). Appraisals are often isolated not only from getting the job done but also from strategic organizational planning and budgeting.
Overall, then, there are few incentives—and sometimes there are genuine disincentives—to use appraisal as a management tool. To illustrate, higher management may not support an assessment, it could be reversed on appeal, and/or the supervisor could be falsely accused of sex, age, or racial discrimination. Why convert an acceptable worker into a hostile one when it can be stated that the person meets expectations? Employee reviews, then, are often done for the sake of evaluation: an irrelevant, once-a-year formality to complain about, complete, and forget in the service of administrative rules. Such programs quickly become “organizational wallpaper,” existing in the background but not necessarily expected to add value.

Such an attitude can produce the error of central tendency (if not leniency), where nearly all employees are rated as satisfactory—if for no other reason than that higher or lower scores may require time-consuming documentation. This “error,” in turn, is reinforced by the no money effect—that is, either there are insufficient funds to distribute or they are awarded on an across-the-board basis (see also Chapter 7). All of these problems are exacerbated if reviews are tied, as they often are, to salary decisions. When mandated by organizational policy, appraisals tend to be less accurate and helpful for developmental purposes as employees and managers focus on monetary rewards. Performance pay plans (Chapter 7) raise the stakes in appraisal, making the already existing problems more severe. Evaluations, in fact, may be done to support decisions to offer raises, rather than the other way around.

Human Nature

Overall, cognitive, political, and organizational limitations help explain the reasons for rater error. Although some of these constraints can be addressed in training (see “Improving the Process” below), something more fundamental lies at the root of personnel appraisal difficulties: human nature. Its pertinent aspects are revealed by risk aversion, implicit personality theory, conflicting role expectations, and personal reluctance.

Defending judgments in open court is not something most people relish; as a result, it is natural for supervisors to try to reduce risk by being aware of all possible pitfalls in the appraisal process. Because reviews are often tied to pay, the well-known tendency to avoid supplying negative feedback is exacerbated (especially in performance pay programs) when supervisors seek to avoid inflicting financial harm on employees. When managers must convey negative information, they have three options: avoid giving it, delay giving it, or distort it. The last option is often the most viable, if inaccurate (Curtis et al., 2005, p. 45). A paradox arises, however, when playing safe through leniency may invite a legal challenge on the grounds that appraisals do not differentiate employees by performance (Halachmi, 1995, p. 325).

Second, implicit personality theory suggests that people generally judge the “whole person” based on limited data (stereotyping based on first impressions, or the spillover effect); ratings then tend to justify these global opinions rather than accurately gauge performance. Third, conflicting role expectations are inherent in the appraisal process because evaluators must reconcile being helpful coaches with acting as critical judges. In playing these roles, administrators (as noted earlier) also, in
effect, evaluate themselves. Human nature suggests that better-than-deserved ratings will occur because a manager’s own skills may be called into question should his or her employees receive poor evaluations.

Finally, appraisal systems are complicated by the understandable distaste that people have for formally evaluating others. Because there is no such thing as infallible judgment, when administrators must take responsibility for judging the worth of others, “it is dangerously close to a violation of the integrity of the person” (McGregor, 1957, p. 90). Most people, especially in light of all the other questions about the reliability and validity of personnel appraisal, are as reluctant to judge others as they are to be judged themselves. It is onerous, in other words, to “play God.”

Given the human condition, it is unwise to expect much from the appraisal function. It is little wonder, then, that many share the sentiment expressed in this aphorism: “Appraisal is given by someone who does not want to give it to someone who does not want to get it.” More formally: “Employees and supervisors alike dread the end-of-the-year annual performance appraisal cycle, when productivity plummets for several weeks and hard feelings translate into grievances. The paperwork, damage to self-esteem, and drops in productivity are simply not worth [it]” (Beecher, 2003, p. 464). Indeed, since evaluations typically occur once a year and paydays are at least once a month, employees are regularly reminded of the real and perceived problems with appraisals. Such problems are not confined to U.S. institutions, as the Chinese experience suggests (Exhibit 10.7). Lest one think that human nature in its various forms inevitably makes personnel review a hopeless task, Exhibit 10.8 presents a balanced defense of this human resource function from one veteran county manager (see also McElveen, 2000).

To summarize, because many jobs are not amenable to objective assessment and quantification, ratings typically incorporate nonperformance factors—for all the reasons discussed above. When this occurs, of course, it leads to a violation of the most revered

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**Exhibit 10.7 Personnel Appraisal in Chinese Public Service**

As a result of the economic boom during the last generation, China is seen as an important model in a globalizing world economy. Reforms in Chinese government, accordingly, have sought to more appropriately fit a market economy. Key factors animating change include these:

- Hierarchical loyalty is a highly prized cultural value.
- The Chinese Communist Party (CCP) plays a leading role in the management of the civil service, including maintenance of complete personnel files on each public servant.
- Decentralization of personnel management decision making, following international trends, has taken place, but the hegemonic role of the CCP ensures that the civil service remains more centralized than in many other nations.

Reforms have been problematic because employees tend to be rewarded on the basis of organizational loyalty and political reliability, at the expense of technical competence. A gap exists
between national policy makers (who look to increase economic gains) and agency managers (who emphasize organizational harmony, a cultural factor threatened by use of foreign personnel techniques). Indeed, China as a whole may be understood as a conflict and convergence of Confucianism, socialism, and capitalism, with the first having the most enduring effect.

In 1993, the State Council launched civil service reform aimed specifically at personnel evaluation to improve administrative efficiency, enhance government capacity, and reduce corruption. The Ministry of Personnel directed that appraisals should be based on merit (work ability and accomplishments) and political integrity (support and understanding of CCP ideology). The linkage of salary to rank and years of service indicates that seniority is a significant factor as well. The goal of good relations with superiors and coworkers in Chinese culture suggests that personal loyalty complements these criteria.

The changes included appraisal committees, self-reviews, and supervisory evaluations in an attempt to institutionalize openness, fairness, and participation. Employee reviews soon experienced many of the problems discussed in this chapter. The system was rife with inaccurate data, and supervisors were not held responsible for falsifying records. Exacerbating the situation was that government found it difficult to retain and motivate personnel when more lucrative careers were available in China's surging business sector.

Although leaders understand the significance of performance appraisal, the changes underestimated the importance of maintaining organizational harmony in a collectivistic culture. The prevailing system is characterized by authority networks composed of reciprocal relations and mutual obligations. Managers reward loyal followers with career opportunities, raises, training, and moral support, while subordinates aid superiors during occasions such as performance ratings or political strife. To maintain goodwill, harmony is critical. In an environment valuing interpersonal associations and personal trust, people tend to avoid confrontation and to save face. Social accord and stability are seen as priorities more important than individual rights; individuals are regarded as part of a network of social connections (guanxi) where personal interests are subordinated to the group's interests.

This conflicts with more discriminating evaluation techniques used in Western societies, notably the United States. Because both managers and employees in China find the cost of revealing each other's performance weaknesses too high (i.e., the disruption of comity), foreign systems that assess performance by pointing out weaknesses have not been used effectively. The impact of the reform is undermined when managers cover up deficiencies of subordinates and manipulate appraisal results. In return, workers overlook the faults of managers. Nearly all civil servants are rated excellent or satisfactory and receive merit awards because pointing out each other's problems risks deep resentment and, in the end, conflict. When systems are attempted that require that some employees be rated as less than satisfactory, in practice it is newcomers who receive poor ratings. If there are no junior employees, then everyone in the office takes turns getting a low score.

In countries that focus on harmony, appraisal systems might be designed to bring out the importance of each person to the organization by treating each one as a stakeholder. Perhaps gainsharing systems (Chapter 7) would be beneficial so that the gains derived from department productivity could be distributed among managers and staff. An approach that emphasizes the positive aspects of employee performance, in any case, likely will be more efficacious than one that damages agency well-being and interpersonal relationships. While it may be true that as the market economy expands the importance of personal relations may diminish, it is also true that a nation's cultural heritage cannot be easily transformed; reforms can only be adapted to that heritage.

**SOURCES:** Benson, Debroux, Yuasa, and Zhu (2000); Black, Gregersen, and Mendenhall (1992); Burns (1999); Chou (2008); Gregersen, Hite, and Black (1996); Muñoz (2006); Yang and Zheng (2003); Yang, Zheng, and Li (2006); Zhao (1994). See also Liu and Dong (2012).
Having over 30 years’ experience with city and county government agencies, I have been on the giving and receiving ends of a wide array of evaluation methods. From early forms where we were judged on appearance to the more modern ones where we are judged on contributions to the organization, each has had its merits. The one that seems to be the most promising is our current performance management system. It is a multifaceted tool aimed at improving individual employee job performance. It is anticipated that through the effective use of this system managers and supervisors will be better equipped to help with the enhancement, motivation, and retention of employees (the county’s most valuable resource), while achieving the goals of the organization.

From the moment new employees set foot through the door, they are provided instructions on the finer points of the system. Through classes and written guidelines, managers and subordinates are told that emphasis on the following skill sets is essential to be successful:

- Performance planning
- Coaching
- Counseling
- Documenting
- Recognizing and motivating employees
- Handling unsatisfactory performance
- Assessing performance

Although each piece is equally important, the attention focuses heavily on the beginning and end components: planning and assessment. This, so to speak, is where the “rubber meets the road”—where the employees believe they will be rewarded for their efforts. As one of many tools in the managerial toolbox, the planning and assessment components provide opportunities for the organization to show its commitment to its employees, while recognizing them for their contributions. The system is designed to ensure that all parties involved know up front what is expected. Through the other components—coaching, counseling, documenting, recognizing and motivating employees, and addressing unsatisfactory performance—supervisors are provided with additional tools for guiding and evaluating their employees. By effectively outlining expectations, maintaining open dialogues between manager and subordinate, keeping employees apprised of their progress, and redirecting them when improvement is needed, everyone knows what to expect when it comes time for the year-end evaluation.

All this looks good on paper, but how does it really work? Annually, employees outline their goals as they relate to the department’s mission and that of the county. The goals are then weighted based on relative importance. Both the employee and the supervisor develop and sign this plan; it can be modified as the person’s duties evolve. In this way, there will be no surprises by the end of the evaluation cycle.

As the year draws to a close, the subordinate is asked to prepare a self-evaluation, while the manager develops a separate assessment. When they meet, an open dialogue helps clarify areas where
the supervisor may have some concern. If consensus is reached and the employee has met the goals and objectives, he or she may receive a merit increase. If expectations were exceeded, then he or she may be nominated for a performance bonus. (If the employee is not in agreement with the evaluation, then he or she can make an appeal. It is interesting to note that employees are also afforded the opportunity to anonymously evaluate their supervisor.) During the meeting, a development of the upcoming year’s plan will begin. Although this process can be quite time-consuming and cumbersome, it is effective.

I was a bit dismayed, however, when I actually began comparing this process with a list of common appraisal defects. For every effort made to fight these defects, I could find example after example where the defects still exist. For instance, the system was designed so that we would not be evaluating for evaluation’s sake. Although great pains were taken to eliminate this problem, many agencies find themselves scrambling at the end of the year to get the paperwork done. In addition, while the system was set up so that it can be modified at any time, this does not really occur. Employees continually find themselves being evaluated with respect to the goals found in outdated plans.

Managers also continue to pit people against one another and have a tendency to grade everyone the same, whether positively or negatively. And employees, not only supervisors, become victims of the halo effect. Employees might do a bang-up job on one little project. Because they were recognized for their work on that assignment, the employee believes that he or she has exceeded the expectations on every other aspect of his or her evaluation, which can lead to great disappointment during the evaluation phase.

Furthermore, during economic downturns there is often little to nothing left with which to reward employees. Bonuses for exceptional performance are thrown out the window in an effort to cut taxes. Employees are given minuscule or no increases in salary for cost of living and even less for performance. Therefore, the exceptional performer who strives to do his or her best may receive the same increase as the average employee who is just meeting expectations. There is no incentive for doing well. Even more devastating is the fact that one of the organization’s core values of recognizing its personnel as the primary resource for service delivery is compromised. The entire process, as a result, becomes suspect.

Despite its faults, there are benefits to this process. It provides guidance for future performance and is used to help further develop your staff. People at all levels have been involved in its design. Furthermore, they play an active role in the actual development of individual plans. The approach tries to use valid and reliable standards that are usually based on past performance. In addition, the standards are often measured against criteria established in the county. For instance, there are specific criteria for processing purchase orders. If met, then the employee would be rated fully successful. If able to complete the purchase order accurately in less time than allocated, thereby reducing costs, then the employee may be seen as exceeding the criteria. Supervisors are also provided ample opportunity to conduct the evaluation, and they are trained so that they are capable of doing it. Finally, the process provides for continual feedback. When properly documented this would, I believe, stand up in court. Although far from perfect, the performance management system still exceeds many of the subjective alternatives based on perception not performance. In light of the problems, why even bother with appraisal systems? We take the time because, when done correctly, they will provide an effective mechanism that can recognize and reward employees while providing the necessary documentation that shows the organization is successfully meeting its goals.

principle of the human resource management field: Appraisals evaluate performance, not the person. Verisimilitude trumps veracity. When this happens, issues of law and liability arise (see the key legal principles and their relationship to appraisals identified in Exhibit 10.9). Suggestions for limiting liability in the personnel evaluation process based on selected problems include the following:

- **Harassment or constructive discharge.** Require employees to notify employer of any conditions related to job, job performance, or appraisals (e.g., supervisor bias or improper conduct) that allegedly are so severe as to require quitting. Establish and consistently follow procedures to promptly investigate and eliminate any such offending conditions or conduct by supervisors or other employees to avoid the claim that employer tacitly accepted or approved of harassment.

- **Age discrimination.** Train supervisors to avoid age-loaded comments in verbal or written appraisals. Update performance criteria as technology changes to avoid pretext claims when older workers are laid off for lack of newer skills.

- **Disability discrimination.** Review recommendations and appraisal results for evidence of perceived (“regarded as”) discrimination. Ensure that only essential functions are evaluated. Train supervisors to identify reasonable accommodations in performance criteria and appraisal procedures on an interactive basis in a discrete and confidential manner.

- **Defamation or misrepresentation.** Establish procedures to control or avoid providing false performance information (favorable or unfavorable).

- **Negligence.** Keep employees advised if performance is poor so they cannot contest discharge by claiming performance would have improved but for faulty evaluation process (adapted from Malos, 1998, p. 78).

If these issues are successfully confronted, and the evaluation and discipline process improved as discussed below, then it may be more realistic to take such steps to reduce potential problems than to abolish personnel reviews entirely.

**IMPROVING THE PROCESS**

*How would you like a job where every time you make a mistake, a big red light goes off and 18,000 people boo?*

—Jacques Plante, hockey player

Designing an appraisal system requires not only establishing policies and procedures but also obtaining the support of the entire workforce and its union or unions. Top officials need to commit to the program publicly by devoting sufficient resources to it and by modeling appropriate behavior. Managers, in turn, need to be convinced that the system is relevant and operational. Employees likewise should see it as in their interest to take it seriously. A profile (or “slice”) task force, representing all these groups from different parts of the department, should conduct a needs assessment by collecting agency archival and employee attitudinal data. It should then revise the existing system (or create a new one) based on the
### Exhibit 10.9  Selected Legal Principles and Laws Relating to Performance Appraisal

<table>
<thead>
<tr>
<th>Legal Principle or Law</th>
<th>Summary</th>
<th>Relationship to Appraisals and the Employment Relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment at will</td>
<td>Status under which the employer or employee may end an employment relationship at any time</td>
<td>Allows the employer considerable latitude in determining whether and how to appraise</td>
</tr>
<tr>
<td>Implied contract</td>
<td>Nonexplicit agreement that affects some aspect of the employment relationship</td>
<td>May restrict manner in which employer can use results (e.g., may prevent termination unless for cause)</td>
</tr>
<tr>
<td>Violation of public policy</td>
<td>Determination that given action is adverse to the public welfare and is therefore prohibited</td>
<td>May restrict manner in which employer can use appraisal results (e.g., may prevent retaliation for reporting illegal conduct by employer)</td>
</tr>
<tr>
<td>Negligence</td>
<td>Breach of duty to conduct performance appraisals with due care</td>
<td>Potential liability may require employer to inform employee of poor performance and provide opportunity to improve</td>
</tr>
<tr>
<td>Defamation</td>
<td>Disclosure of untrue information that damages an employee's reputation</td>
<td>Potential liability may restrict manner in which negative performance information can be communicated to others</td>
</tr>
<tr>
<td>Misrepresentation</td>
<td>Disclosure of untrue favorable performance information that causes risk of harm to others</td>
<td>Potential liability may restrict willingness of employer to provide references altogether, even for good former employees</td>
</tr>
<tr>
<td>Fair Labor Standards Act (FLSA)</td>
<td>Imposes (among other things) obligation to pay overtime to nonexempt (nonmanagerial) employees</td>
<td>Fact that employee appraisals may influence determination that employee functions as supervisor or manager and is therefore exempt</td>
</tr>
<tr>
<td>Family and Medical Leave Act (FMLA)</td>
<td>Imposes (among other things) obligation to reinstate employee returning from leave to similar position</td>
<td>Subjecting employee to new or tougher appraisal procedures upon return may suggest that employee has not been given similar position of employment</td>
</tr>
</tbody>
</table>


findings and test the system on a trial basis. This could be done in jurisdictions that allow customization to agency needs (more than half of state governments, for example) or as part of a government-sponsored pilot program. It is, of course, possible to marginalize formal requirements entirely. In one major unit of a large hospital, a charismatic department manager decided that whatever the administration of the hospital did, he was going to run his facilities department on the basis of
proven quality management principles. Well in advance of the hospital’s annual tedious performance appraisal drill, he gathered his troops together, reviewed the hospital’s sorry form, and told the employees that what it represented was the starting point for them to practice their *kaizen*—continuous improvement—skills. “What do we need to do, given the fact that this basic form is mandated, in order to complete it well enough to keep the personnel monkeys off our backs but also get some good out of the process for ourselves?” he asked his team. He funded a series of weekly pizza meetings for a task force of facilities employees who were charged with developing an answer to his question that everyone supported enthusiastically (Grote, 1996, p. 351). He then dispensed with the corrupt appraisal charade that blames employees for the management-designed evaluation system.

Finessing the system may be faster, more flexible, and just as effective as formally reforming it. The design chosen involves numerous key technical questions, many of which were discussed earlier. These include selection of the most useful tool(s), as well as raters, based on system objective, practicality, and cost. Training is needed to minimize the various kinds of errors previously examined. It is generally acknowledged, however, that mere awareness of these problems is unlikely to affect behavior. Instead, raters must engage in and receive feedback from role-plays, simulations, and videotaped exercises. Evaluators also need training in interpersonal skills to conduct appraisal interviews effectively.

Monitoring performance in the period between plan approval and formal appraisal includes frequent positive or corrective feedback based on performance, not personality. When performance is monitored conscientiously throughout the year, the actual evaluation simply confirms what has already been discussed. Stated differently, the process of performance management is a continuous one involving coaching, development, accountability, and—both last and least—assessment. In fact, the traditional competitive approach to personnel appraisal is misplaced if the goal is to develop people and promote strong working relationships among managers and employees.

Bersin (2007) identifies seven elements that should constitute appraisal (goal setting, alignment of individual and organizational goals, self-assessment, 360° reviews, managerial appraisal, competency assessment, development planning), six of which emphasize coaching and development and only one of which (managerial appraisal) does not. The job of the manager is to identify strengths in employees and move them into the right positions. A coaching-based, goal-centric, employee-engaged approach can change the way one thinks about performance management and the role of appraisal. In fact, Samuel Culbert (2010) recommends performance *previews* as a way to address the paradox of needs. Instead of top-down reviews, the administrator and subordinate together are held responsible for establishing goals and achieving results. Supervisors truly manage in an effort to ensure that everyone can succeed because it is their job to produce desired outcomes. The emphasis is on the future and what both the supervisor and the employee need from each other to accomplish what they both want.

Finally, the evaluation process culminates in the appraisal interview. In preparing for the meeting, the employee may do a self-assessment, and the manager should collect necessary information and complete, in draft form, the rating instrument. Although a collaborative problem-solving approach is effective, most managers use a one-way “tell-and-sell” technique in which they inform subordinates how they were rated and then justify the
decisions (Wexley, 1986). No matter the approach, the supervisor should use the event to support the policies and practices of the entire system and gain training in goal setting, communication skills, and positive reinforcement.

Thus, before the interview, the supervisor should communicate frequently with the subordinate, get training in appraisal interviewing, and use a problem-solving approach. During the session, the superior should share judgments of specific performance (not personality), be an active listener, avoid destructive criticism, and work with the employee to set mutually agreeable future objectives. Afterward, the supervisor should periodically assess the employee’s progress toward goals and make rewards contingent on performance (Cascio, 2009). Although conducting a good interview requires a great deal of skill and effort, many managers say that having an honest exchange is the hardest part of the entire process. Most do not do such interviews (Pickett, 2003), and those who do see little or no value in doing them (London, 1995). Yet, as Amy DelPo (2007, pp. 121–122) points out, constructive criticism is exactly that: a positive force for change. Straightforward, specific, balanced, and encouraging feedback fulfills the developmental function of performance appraisal. This feedback role can be enhanced if the manager selects a good time and place to present the feedback, gives the employee a chance to brace for potentially embarrassing information, explains the problem’s importance by indicating how it affects the organization, and reaches agreement with the worker on how the issue will be addressed as well as when any change will be implemented (Heathfield, 2014).

An important purpose of this human resource management function is to retain good workers. Most of the factors that cause people to stay or leave—training, open communication, flexible working arrangements, participation in decision making, authority, responsibility—are under the purview of the manager. While attrition may be lower in the public service than in the private sphere, turnover among mission-critical employees is high (Partnership for Public Service & Booz Allen Hamilton, 2010). One-on-one conversations aimed at addressing the paradox of needs could focus on opportunities for training, career development, promotion, and participation on task forces, as well as praise from agency leaders. Employees must be reassured that they are valued and that the administrators who rate their performance believe in them. If managers do not take such measures seriously, the appraisal interview of any given employee could be that person’s last one (see Exhibit 10.10). Manager interviews with employees, in fact, need not be restricted to evaluation reviews. As a retention technique, “re-recruitment” has been suggested; this practice involves seeking to keep employees out of a rut by redesigning their jobs or offering them new positions (Sullivan, 2013).

Like appraisal, employee discipline and discharge (discussed in “Disciplinary Systems” below) can be awkward and difficult. Indeed, secondary only to personnel appraisal, managers dislike taking disciplinary actions, generally for many of the same reasons (cognitive limitations, intentional manipulation, organizational influences, human nature). The process can be excruciating because administrators

- may not have kept good records, which are needed as a basis of discipline;
- do not want to spend any more valuable time dealing with poor performers than they already do;
- prefer to avoid putting the office climate at risk by taking action;
• might believe that disciplinary actions will not be effective, partly because the employee likely has years of satisfactory evaluations; or
• may have been corrupted by the subordinate, who could have evidence of inappropriate or wrongful managerial behavior, most often involving money, power, and/or sex.¹⁴

Paradoxically, when the need for adverse action is obvious, it may be less likely to occur. Thus, in the wake of the worst security failure in American history, the 2001 terrorist attacks on New York City and Washington, D.C., no one was disciplined, no one resigned, and no one took responsibility. The same can be said of the torture of detainees during the Iraq War and the aftermath of the 2010 BP Deepwater Horizon oil spill. Likewise, despite widespread unethical and illegal transactions during the 2008 financial debacle on Wall Street, few firms disciplined their employees and only a very small number of miscreant low-level financiers were brought to justice. Indeed, some retired with “golden parachutes,” and most continued on the job, receiving extraordinarily high salaries and bonuses. In government, the Securities and Exchange Commission ended its discipline process in 2011 without terminating any personnel for the failure to stop Bernard Madoff’s massive Ponzi scheme. More broadly, a federal judge called the Justice Department’s lack of prosecutions of banks and their executives “technically and morally suspect,” as out-of-court settlements typically do nothing to discourage bankers from future criminal conduct (Eskow, 2014; also see Bowman & West, 2015, Chapter 9).

It is evident, then, that officials prefer to avoid taking adverse action both in response to routine daily management and in reaction to major crises. That may be understandable, but it is unacceptable. Estimates vary, but between 3% (OPM) and 14% (MSPB) of federal personnel perform below expectations (Losey, 2011). Not only are the problem individuals thereby trained to believe that inappropriate behaviors are condoned, but also other employees become demoralized and lose respect for management. The goal, accordingly, should be first to reduce the need for adverse action, second to take corrective steps, and third, when necessary, make discharge as simple and timely as possible.

**DISCIPLINARY SYSTEMS**

For the most part, employees discipline themselves by conforming to what is considered acceptable behavior simply because it is the sensible thing to do. Self-discipline can be encouraged when people are treated as adults—that is, when the organization uses an “open book” management style, offers employees opportunities to have input into decisions, and makes them comfortable when “speaking truth to power.” Yet mistakes are made that require attention, and the test of a well-managed agency “is not how many personnel problems arise, but how effectively” the problems are addressed (Wise, Clemow, Murray, Boston, & Bingham, 2005, p. 181). The need for managers to use best practices in the disciplinary process is illustrated by the availability of professional liability insurance to safeguard managers’ livelihoods and careers. That is, the administrator—not the agency’s human resource or legal office—is the one accountable for the decision.
Exhibit 10.10 Final Interview: Exit and Termination Sessions

Nothing happens until it happens to you.
—Anonymous

The best time to obtain an employee’s opinions is when he or she is fully committed to the agency. Oddly, not many departments use retention-oriented “stay interviews” (to elicit what people want from their jobs), a practice that might reduce the need for exit and termination interviews. Exit interviews and termination sessions, however, are unique opportunities for an organization to receive feedback on a wide variety of issues, including personnel recruitment, training, evaluation, and retention. Such interviews, when supplemented with employee satisfaction surveys, can yield interesting information.

Many organizations do not conduct exit interviews; others may use online questionnaires or have the human resource department conduct interviews. Either of these two options suggests that the employee is not important enough to be worth the line manager’s time. In contrast, virtually all agencies use some form of termination interview.

Whether an individual is leaving voluntarily or not, it is well documented that the emotions involved in job change are comparable to those experienced in relation to divorce or the death of a loved one. Indeed, on leaving their jobs people experience a five-stage cycle of grief: shock, resistance, acceptance, exploration of other opportunities, and commitment to a new future. Thus, for a manager conducting an exit interview, the Golden Rule is key—that is, how would you feel if you were in the situation? What would you expect your superiors to say (Selden, 2007)? Possible interview questions, which may be adjusted depending on the reason for the termination session, include these:

- What do you value about the agency? What do you dislike?
- What would you tell the next person who does your job?
- Did you receive adequate feedback while you were here?
- What are some of the characteristics of a person most likely to succeed here?
- Do you have any recommendations for agency human resource policies?
- Was there a single factor in your decision to leave?
- If you were asked to consider working here again, what would you say?

The decision to quit a job, or the reaction to being fired, is personal and often complex, so receiving clear answers to such questions may not be a given. The emotional stress of leaving, under even the best circumstances, can produce unreliable statements. In fact, the manager may want to interview coworkers to ascertain why the person is leaving.

The following are some of the things an employee should consider before participating in a voluntary exit interview:

- Is the interview anonymous or does a document (such as a questionnaire) need to be signed?
- Is your reason for leaving any of the agency’s business, or could questions about it be viewed as an invasion of your privacy?
- Why did the employer wait until now to ask your opinion?

(Continued)
The term discipline is best understood as orderly conduct at work achieved by self-control and respect for agency rules. When performance problems (failure to complete assignments satisfactorily) or misconduct issues (insubordination, document falsification, loafing, carelessness, fighting, drug use) occur, the personnel appraisal and/or discipline systems may be utilized to improve behavior. Factors that managers should consider when using these systems include problem severity, duration, frequency, extenuating circumstances, organizational policies and employee training, agency past practice, and management support.

Given the nature of the issues involved, taking action is necessary to ensure a productive workforce. Yet, paradoxically, officials may tolerate poor performers because they lack an understanding of agency rules, documentation, and top management support—to say nothing of fearing onerous employee grievances and/or false accusations of discriminatory behavior (U.S. MSPB, 1995). In point of fact, the disciplinary process involves things that many administrators try to avoid: paperwork, confrontation, and the prospect of being overruled (Lunney, 2012). Managers then may sidestep discipline procedures and write acceptable personnel reviews for marginal employees to avoid unpleasantness, something that may haunt them if there is a subsequent attempt to discharge someone for sustained inadequate performance.15

Simply demanding that managers “get tough” is not an efficacious approach because “a supervisor who is very effective at removing someone can nevertheless be ineffective at selecting good employees in the first place or at motivating superior performance from the majority of employees who are capable of doing good work” (“Firing Poor Performers,”...
Critics also ignore the fact that unsatisfactory performance needs to be addressed strategically in a larger context comprising societal and organizational culture, compensation levels, and agency HRM policies. That is, why did the poor worker get hired, how did she survive probation, why did she receive earlier satisfactory performance reviews, and why was training ineffective? Thus, in reply to demands that steps be taken to facilitate termination of personnel, one union official argued, “We do not need to make it easier to fire employees. [Instead, executives] need to hold . . . managers and senior staff accountable for their behavior . . . [and] take a hard look at the ‘country club’ mentality that exists within management” (quoted in Katz, 2014).

Moreover, those who focus on the difficulty of terminating workers ignore the utility of existing procedures that result in more than 10,000 separations per year in federal service—not counting employees who resign first, those who retire or are transferred, or those removed through layoffs (“Firing Poor Performers,” 2003). They also overlook that performance improvement plans are often successful in rehabilitating employees. Finally, they neglect the current trend away from highly ritualized, formal grievance procedures toward alternative dispute resolution techniques. One such approach is the use of ombudsmen who can help employees get answers to questions and work to resolve disputes. The Government Accountability Office found that ombudsmen in federal agencies successfully addressed workplace problems in more than half of their cases (Bilmes & Gould, 2009, p. 213). In short, termination affects a small percentage of personnel, and this is how it should be when human resource functions such as selection and training operate effectively (Daley, 2008).

To protect both the individual and the institution, appraisal and discipline must be used only for justifiable reasons. To ensure fair treatment, actions must be derived from written guidelines; be corrective, not punitive; be based on the act, not on personality; and be timely, consistent with previous cases, and proportionate to the problem. The evaluation will be only as good as the evidence on which it is based. Documentation is the cornerstone, and it commences with a prompt and thorough investigation. Records should include the date, location, and nature of any incident; the effects on the organization; prior actions by the person and agency; the decisions made and improvement anticipated; and the employee’s reaction. The agency must recognize that a manager’s complaint about an employee is only an allegation until proven true; the burden of proof is on the agency to show how the employee’s behavior negatively affected operations and the supervisor’s actions were neither arbitrary nor capricious. If the administrator has performed his or her responsibility to train the worker and the worker fails, then appropriate adverse action is in the best interest of the organization.

Discipline regulations routinely incorporate the “Douglas factors,” first articulated in Curtis Douglas et al. v. Veterans Administration et al. (1981), into their guidance on how to fashion an appropriate disciplinary penalty. Supervisors and managers often must complete a written response to each factor prior to taking any documented corrective action. Among these elements are (1) the nature of the offense; (2) the employee’s job, past work record, and previous disciplinary actions; (3) the effect of the offense on the employee’s ability to perform at a satisfactory level; (4) the consistency of the penalty with those imposed on other employees for similar offenses; (5) the clarity with which the employee was on notice
of any rules that were violated in committing the offense; (6) the individual’s potential for rehabilitation; and (7) the adequacy of alternative sanctions (Kunreuther, 2010).

Progressive discipline (or, more accurately, progressive punishment) and positive corrective action are two approaches used by organizations. For either to be productive, the worker must know what the problem is, what change is expected, and the consequences of inaction. **Progressive punishment**, the most common policy, is an awkward combination of retribution and rehabilitation. It involves the application of coercive measures with increasing degrees of severity: informal counseling, verbal warning or reprimand, written warning or reprimand, minor suspension, major suspension, and separation. Modeled on the American criminal justice system, this policy requires punishment following each crime. It should be evident, however, that while employees might be punished into compliance, they are not likely to be punished into commitment (Grote, 2001).

Because this policy can be autocratic, adversarial, and intimidating, some jurisdictions have replaced it with **positive corrective action**, a strategy based on the premise that adults must assume responsibility for their own conduct (see U.S. MSPB, 2008). Rather than treating people “worse and worse and expecting them to get better and better,” this nonpunishment approach uses reminders instead of reprimands. More participative than punitive, the technique utilizes these steps:

- A conference between employee and manager to find a solution to the problem, with an oral agreement to improve.
- A subsequent meeting, if reform is not accomplished, to determine why the agreed-upon solution did not work, with a written reminder that the solution is the responsibility of the individual as a condition of employment.
- Paid leave time (a “day of decision”), if change is not forthcoming, wherein the employee is expected to return the next day either with a “last chance” specific written commitment or a decision to leave the agency. If the person decides to stay, it is with the condition that a future disciplinary problem will result in immediate discharge.

In brief, the employee, not the employer, is the decision maker. This responsibility-based system not only demonstrates employer good faith but also reduces the risk of workplace violence. The human resources chief of Georgia state government, which practices this approach, concluded that not one private or public organization in that state that has tried it has ever abandoned it (Grote, 2001, p. 57).

The principle underlying both progressive punishment and positive corrective action is a “just cause” standard: Was the investigation done properly? Was the employee aware of the rule violation? Was the standard reasonable? Was the rule in question violated? What mitigating circumstances merit consideration? Finally, have comparable cases occurred, and, if so, how were they addressed? The premise is that a just procedure should help ensure a fair outcome.

The purpose of such systems is not to win battles but to provide feedback and training to foster responsible employees. Managers can reduce the number of problems they experience during the discipline process through training, establishing clear work rules, following
procedures, and documenting actions taken (DelPo & Guerin, 2003; Guffey & Helms, 2001).

The key is to understand the scope of their administrative authority, focus on behavior (not the person), avoid decisions based on hearsay, use appropriate penalties, and follow through on the judgments made.

Although the primary objective of personnel appraisal and disciplinary systems is to ensure employee development and rehabilitation, the documentation these systems provide—including past personnel reviews—can be used to support termination decisions. Unlike in much of the private sector, where employees can be arbitrarily dismissed for no reason or for any reason not contrary to law, public servants have constitutional rights as citizens to due process.\(^1\)

In *Cleveland Board of Education v. Loudermill* (1985), the Supreme Court ruled that a civil service position is the employee’s property, and the individual cannot be removed or demoted without knowing the reasons, has the right to see the evidence used, and must be given a meaningful opportunity to respond. Affording due process minimizes the chance of politically motivated sackings and maximizes the recruitment and retention of meritorious personnel. There may be good grounds for action (deficient performance or egregious misconduct such as theft), but managers nonetheless can create significant problems if they do not handle the process well (Wise et al., 2009). When an adverse action is taken, not only the employee but also any judge who may review its documentation must be kept in mind. It is imperative that administrators, in consultation with the human resources department, follow established procedures to avoid mistakes that could lead to organizational liability as well as to assist personnel whose rights might have been violated.

While it is true that there are appeal processes available to those who wish to fight termination—it is not supposed to be easy to fire employees for political or other illegitimate reasons—thousands of federal workers are discharged each year (Holan, 2007). It is also true that only 3% of workers win their jobs back using appeal and grievance systems (Gilson, 2007). Stated differently, poor performers are not a serious problem in government. The proportion of employees who coworkers believe should be dismissed is less than 4% (Nelson, 2003, p. 1). Nonetheless, in response to the 2014 Department of Veterans Affairs waiting-list scandal, President Obama signed into law a streamlined method for terminating VA executives. He suggested, in fact, that such a process should be used government-wide, only to learn that it is already “very easy” to fire leaders (Shoop, 2014). Overall, then, as a U.S. MSPB (1999) study determined, the conventional wisdom about the number of poorly performing employees, and the disposition of their cases, not only distracts consideration from the development of additional approaches to address employee performance but also diverts attention from other, more important, workforce issues.

Because discharge is a painful event for both the individual and the organization, it is critical that it be done with care and deliberation. This means that it must be approached in a humane, confidential, professional, nonaccusatory, factual way, and it must be based on substantiated, legitimate business reasons consistent with similar cases (see Exhibit 10.10). When people are treated fairly, wrongful discharge suits are unlikely to withstand legal scrutiny.\(^1\) Employee termination is part of a manager’s job: Doing it well is an opportunity to learn how to improve other human resource management functions such as recruitment, training, and appraisal. As unpleasant as dismissal may be, “it’s not the people
you fire who make your life miserable. It’s the ones you don’t” (Grote, 2011, p. 191). Officials, in brief, have the responsibility to address unacceptable behavior in a timely manner. Failure to demand even minimal competence implies that performance does not matter. This negatively affects the morale of contributing employees and can damage the reputation of the agency as a whole.

**SUMMARY AND CONCLUSION**

*The two hardest things in life to handle are success and failure.*

—Anonymous

As an aid to distilling the discussion in this chapter, the characteristics that a personnel appraisal system should contain to satisfy both employers and employees are specified below. In addition, it is important to identify preexisting conditions that can facilitate the evaluation process. These factors, as part of strategic HRM, include the need to select employees carefully, give them an important mission, empower them through training and continuous performance feedback, offer them fair compensation, and discharge them should they be unable or unwilling to contribute.

As the chapter has demonstrated, implementing the personnel appraisal function is fraught with paradoxes. Indeed, readers are invited to evaluate the extent to which the following standards are met by agencies in their jurisdictions:

1. The rating instruments, which should strive for simplicity rather than complexity, are derived from job analysis (Chapter 5).
2. Training about the systems is provided to all employees, and training in the use of the systems is given to all managers.
3. Appraisals are grounded in accurate job descriptions, and the actual ratings are based on observable performance.
4. Evaluations are completed under standardized conditions and are free of adverse impact (Chapter 2).
5. Preliminary appraisal results are shared with the ratees.
6. Some form of upper-level review, including an appeal process, exists that prevents a single manager from controlling an individual’s career.
7. Performance counseling and corrective guidance services are available to employees.

Although many systems may not compare favorably to such standards, recall that the crux of the appraisal problem is not system design. Instead, because evaluation is a matter of human judgment, the conundrum is how the plan and the information it generates are used. To the extent that electronic employee monitoring is used, not only is it limited to
those behaviors that can be tracked by computer, but, more important, it also alters the essential nature of workplace interpersonal relations by questioning employee rights to privacy, autonomy, and respect.

The challenge is not to design a perfect system but, rather, in a dialectic between the individual and the agency, to minimize the abundant problems with appraisal. Typical barriers to effective evaluation include the absence of four elements: trust in the organization, supervisory training and top management support, rater accountability, and overall evaluation of the system itself (Roberts, 2003). Organizations may overcome such barriers by providing constructive, nonthreatening feedback and coaching; avoiding numeric rating scales that pigeonhole employees and pit them against each other; ensuring multiple sources of data through use of peer reviews; and utilizing group evaluations. It might be argued, however, that if employees are given an important mission, provided training, and offered competitive salaries, then appraisal becomes epiphenomenal and redundant.

The perennial, melancholy search for the best “genuine fake” technique, nonetheless, relentlessly (sometimes shamelessly) continues. The most recent strategic performance tool developed in the quest to drive change and facilitate federal pay for performance is Goals-Engagement-Accountability-Results (GEAR). It is being piloted in five agencies with the intent to expand the program governmentwide. Not only is there little difference between GEAR and existing methods based in current law and regulations, but also the program does not specifically address performance pay (Haga, 2014; Palleschi, 2012). After nearly 3 years, the U.S. Government Accountability Office (2013) found that most of the GEAR pilot programs were still in the developmental stage and that implementation plans needed significant improvement.

“Symptom solving” is seductive and easier than genuine problem solving. Beliefs about traditional evaluation are so deeply held that when they are repeatedly refuted they paradoxically become stronger. Dubious ideas persist because people get used to them and prefer the certainty of misery to the misery of uncertainty. As the new century progresses, personnel appraisal will become either more or less complex. Should the long-standing preference for person-centered evaluations persist, both organizational downsizing and workforce changes will likely complicate appraisals. The virtual workplace—unbound by time and space—is likely to exacerbate this situation because it changes the fundamental nature of interpersonal relationships, limiting them to only those behaviors that can be monitored electronically.

Downsizing has been a one-two punch. Personnel offices have shrunk, placing more responsibilities on line managers. At the same time, the numbers of supervisors have been reduced, requiring the remaining ones to evaluate more subordinates. As a result, the potential for both system design and implementation problems has increased. Several changes in the composition of the workforce also imply a more challenging climate for appraisals. Increasing employee diversity means that managers will be evaluating people of all colors and cultures, a task that is surely more arduous than assessing a homogeneous staff. Also, the fastest-growing part of the working population is made up of contingent employees—temporary staff, short-term contract workers, volunteers—who, by definition, present evaluation challenges.
Undaunted, reformers are encouraged, not dissuaded, by these formidable developments and are seldom deterred by past appraisal failures. After all, both employers and employees tend to support the idea of appraisals, at least in the abstract when human beings are not involved. The result is increased emphasis on evaluations, resting on the misguided belief that the employee is the primary factor in productivity. Ratings can become a control mechanism to force conformance to the status quo, as beleaguered managers find appraisals to be a convenient, if technically problematic, ideological tool. “When they sign off on them, their job is done; the responsibility for quality and productivity is returned to where, in their view, it belongs—the subordinate” (Bowman, 1994, p. 132).

Alternatively, and congruent with strategic HRM, should institutions begin to shift away from person-centered appraisal and toward organization-centered evaluations, or process-centered appraisals, individual evaluations may be less complex in the years ahead—or perhaps abolished altogether (see Exhibit 10.11). Indeed, in their landmark book Abolishing Performance Appraisals (2000), Coens and Jenkins offer 12 documented cases—including

**Exhibit 10.11 Evaluating Organizations, Not Individuals**

> O body swayed to music, O brightening glance,  
> How can we know the dancer from the dance?  
> —William Butler Yeats, Among School Children

As this chapter shows, individual appraisal is a complex issue. Even when done with great care, it can be devastating to people and destructive to organizations. Although it may be true that management practices are seldom discarded merely because they are dysfunctional, it is also true that the civil service reform movement and/or the use of pilot projects (Chapter 1) provide opportunities to reexamine orthodox approaches to appraisal.

The premise of organization-centered evaluation is that the quality of services is a function of the system in which the services are produced. Systems consist of people, policies, technology, supplies, and a sociopolitical environment within which all operate. Note that these parameters are beyond appraisee control; indeed, the employees themselves are hired, tasked, and trained by the organization. A person-only assessment, stated differently, is deficient if the goal is to comprehend all factors affecting performance. In a well-designed management system, virtually all employees will perform properly; a weak system will frustrate even the finest people.

Traditional, person-centered appraisal methods are based on a faulty, unrealistic assumption: that individual employees are responsible for outcomes derived from a complex system. Because an organization is a group of people working to achieve a common goal, the managerial role is to foster that collaboration. If the result is inadequate, then it is management’s responsibility—and no one else’s.

From a systems perspective, the causes of good or bad performance are spread throughout the organization and its processes. Many results in the workplace are outside the power of employees traditionally made responsible for those outcomes. When more than 90% of performance problems are the consequence of the management system (Deming, 1992), holding low-level minions accountable is a way of evading responsibility; the cause of most performance problems lies not within the individual employee but within the organization divined by its leaders.
Because employees have little authority over organizational systems, relevant appraisals should provide two kinds of feedback:

- System performance data automatically generated from statistical process controls (i.e., evaluation is built into the work process itself)
- Individual performance data—used primarily for developmental purposes—derived from anonymous multirater 360° evaluations (focusing on attributes such as teamwork, customer satisfaction, timeliness, communication skills, and attendance)

The key is to listen to customers of the process and emphasize continuous improvement. By making the system as transparent as possible, the organization can keep the focus on nonthreatening analyses of work processes and people’s contributions to those processes. Such an approach would be organizationally valid, socially acceptable, and administratively convenient—key criteria for any appraisal method. Importantly, it would also change an often adversarial process to one that is more constructive.

Reflecting U.S. individualism,* the field of human resource management has focused on people rather than on systems. It is politically unlikely, therefore, that organizational appraisals will supplant individual ratings (indeed, when performance appraisals were abolished at one well-known federal government demonstration project in California, the project was terminated, partly because productivity improved). A number of public agencies (National Oceanic and Atmospheric Administration, Internal Revenue Service, Social Security Administration) and private companies (Motorola, Merrill Lynch, Procter & Gamble) have modified their approaches to appraisals. To better reflect a systems perspective, they have incorporated teamwork (in addition to individual achievements), citizen/customer feedback (in addition to supervisory opinions), and process improvement (in addition to results) dimensions into their evaluations.

A more complete reform would be to state performance standards clearly and then assume that most employees will do the jobs for which they were hired. As Greg Boudreaux (1994), a manager at the National Rural Electric Cooperative, has suggested, for the small number who do not then do their jobs: “Investigate why. Some will need further training or management counseling. Some may be an actual problem. But deal with those problems on a case-by-case, and not through a generic, faulty performance appraisal system” (p. 24; also see Eckes, 1994).

Indeed, the approach described here is partly consistent with the most recent appraisal fad: performance management (Cederblom & Permerl, 2002). This strategy emphasizes that managing performance (not merely appraisal but also planning, accountability, compensation, training) is key to institutional goal setting. Thus, performance management is a continuing cycle of goal setting, coaching, development, and assessment. From a systems perspective, however, it exemplifies the “wrong-problem problem.” Yet it tries to solve the wrong problem precisely by emphasizing the individual, not the organization. It should come as no surprise, then, that just 5% of managers are “very satisfied” with their performance management process (Grote, 2011, p. 158). The same criticism can be levied at multirater 360° evaluation systems, discussed earlier in this chapter.

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*This is an area where our myths may be more dangerous than our lies. The lone frontiersman and the outlaw gunslinger—largely products of Hollywood—were far less important in the American West than farmers raising barns together and shopkeepers settling in small towns. The myth also does not explain the wild popularity of team sports in contemporary life.
government, nonprofit, health care, retail, educational, manufacturing, and industrial organizations—that benchmark how orthodox appraisal can be successfully abolished. While each case had its own unique characteristics, these diverse workplaces that did away with evaluations shared important similarities:

- They originally had traditional, scaled performance review practices linked to pay and disciplinary systems.
- Their multiple-purpose appraisal functions did not meet objectives and were seen as counterproductive.
- The basic assumptions about employees were changed—people wanted to work and contribute—thereby empowering them to reinvent the nature of evaluations and take responsibility for their own growth.
- The focus of change was from individual appraisal to systems and processes in the organization. Improvement did not come from mandatory annual personal assessment but from educating employees to develop better work procedures.
- Formal feedback or annual meetings were not required as personnel received help “just in time” when they needed it; the emphasis was not on evaluation but on excellence.
- Individual incentive pay was dropped and raises were based on skill advancement, teamwork, market increases, and cost-of-living adjustments.
- Disciplinary processes were rarely used.

This organization-focused approach resulted in increased productivity, improved morale, and a decline in grievances and turnover—as well as an overwhelming desire never to return to the use of antiquated performance appraisal systems (also see Baker, 2013).

Less dramatic, but nonetheless useful, was one organization’s decision to stop doing the orthodox top-down appraisals and institute APOP—the Annual Piece of Paper. The one-page, bottom-up review form simply summarizes ongoing daily feedback (there are no scores or future goals) by focusing on what the manager can do to make employee tasks easier and what gets in the way of accomplishing the job. Whether the appraisal function becomes more or less difficult in the 21st century, it is worth doing only if it is an integral part of the management system and if it helps both the institution and the individual develop to full potential.

**KEY TERMS**

<table>
<thead>
<tr>
<th>Actor/observer bias</th>
<th>Contaminated evaluations</th>
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<tr>
<td>Behaviorally anchored rating system (BARS)</td>
<td>Contrast error</td>
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<td>Behavior-based evaluation systems</td>
<td>Critical incident technique</td>
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<tr>
<td>Cognitive information processing theory</td>
<td>Deficient evaluations</td>
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<tr>
<td>Compatibility error</td>
<td>Electronic monitoring</td>
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Error of central tendency
Exit interview
Implicit personality theory
Leniency error
Management by objectives (MBO)
No money effect
Organization-centered evaluations
Outcome bias
Peer evaluations
Positive corrective action
Progressive punishment
Recency effect
Results-based systems
Self-appraisals
Severity error
Spillover effect
Termination interview
360° evaluation systems
Trait-based appraisals

EXERCISES

Class Discussion
1. Organizational appraisal systems typically focus on functional rationality; supervisors, however, tend to emphasize substantive rationality by filing false—but effective—evaluations. Under what circumstances can inaccurate reviews be examples of sound management?
2. “You were hired to make our organization succeed and to make your boss look successful.” Do you agree with this claim? Why or why not?
3. What would be the most appropriate rating instrument for a middle manager? Staff assistant? Telecommuter? Intern? Why?
4. Visit a local agency to determine why, how, and by whom appraisals are done there. Analyze the rating form used. Is it legally defensible? Report the findings to the class.
5. In theory, personnel appraisal can provide feedback on management processes such as selection, position management, training, and compensation. Given the many problems with appraisal, however, it often does not supply this information. Accordingly, appraisal has been called the “missing link” in human resource management. Comment.
6. The problematic nature of evaluation reviews can be illustrated by this story showing the difference between a German and an Austrian: The German says that a situation is serious, but not hopeless; the Austrian calls the same situation hopeless, but not serious. Is the appraisal function in a serious or hopeless condition?

Team Activities
7. Personnel evaluations have been called a kind of bureaucratic Kabuki: elaborate, stylized, baffling—and yet predictably ineffectual. Debate this observation, with one team taking the affirmative and one team the negative position.
8. Using the “25 in 10” technique (see Exhibit 0.2 in the book’s introduction), discuss this statement: “The root problem in performance rating is not technical in nature.”
9. David is a star performer who frequently irritates his coworkers and managers. His agency's appraiser includes an interpersonal relations category, and David's supervisor rates him low in this category as well as in other categories. Discuss this situation in the context of the paradoxes of freedom and needs (introduction).

10. Does traditional performance appraisal help or hinder other personnel functions and their paradoxes?

Individual Assignments

11. Identify three of the most difficult rater errors. How can they be dealt with?

12. Discuss the following statement: “Most people, including supervisors, like to be liked.”

13. Whenever a rating is less than the best, or less than what the employee perceives his or her contribution to be, the manager is seen as punitive. Use examples to support your agreement or disagreement with this claim.

14. Use the last examination you took in any class to discuss the reasons for using performance appraisals—and the limitations of appraisals.

15. Consider the tips presented in this chapter for conducting a performance appraisal interview. Would they have helped you—as either manager or employee—the last time you were involved in this situation?

16. Evaluate the following assertion: “Regardless of the reason, when an employee is terminated the employer should assist the person to find other employment.”

17. Take an “imagination break” (Exhibit 0.2) and speculate about alternative futures for personnel appraisal.

NOTES

1. The subtitle of this chapter is purloined from Tyer (1983).

2. Whether or not such judgments should be relative (based on comparisons between employees) or absolute (based on performance standards) is largely settled because ranking is not the equivalent of rating employees. That is, relative judgments do not reveal how well someone actually performed; thus, they are not job related. The 1978 Civil Service Reform Act, as a result, does not permit ranking methods (e.g., simple rankings from best to worst or forced-distribution techniques such as the bell-shaped curve) for evaluation of federal employees. Relative approaches, however, may be used for other, related administrative matters such as promotions, pay, and layoffs. Most jurisdictions traditionally make these judgments annually to coincide with the fiscal year, although more frequent informal assessments tied to project completion are quite valuable.

3. It is neither feasible nor desirable, therefore, to discuss all these instruments. To do so would be to encourage the notion that the problem of performance measurement is merely one of technique; it is, rather, a process, not a form.

4. Depending on the size of the categories and whether they are broken into subcategories, trait-based appraisal forms generally include between 15 and 50 items to rate. An additional summative or
overall category rating is also common, with a space for global comments, accompanied by the
evaluator’s signature and sometimes an additional signature of the evaluator’s supervisor. Space is
normally allowed for “other” categories. Forms should allow space for evaluator comments for each
item or set of items. Because of the generic quality of trait-based forms, a “not applicable” category
is usually provided. Often the highest and lowest categories must be accompanied by explanations
of organizational policy.

5. Despite all these problems, the technique has obvious intuitive appeal because traits may simply offer a
shorthand way of describing a person’s behavior. This may explain why some psychologists contend not
only that personality rating scales are reasonably valid and reliable but also that they are more acceptable
to evaluators (Cascio & Aguinis, 2005).

6. Teachers at the K–12 level are likely to be required to provide class lesson plans, lesson plans for students
with special needs, examples of tests, examples of feedback, grading statistics, and attendance records.

7. MBO is fondly known in the trade as “massive bowel obstruction,” precisely because such a bureaucratic
hyperrational system could, in the view of critics, never work with human beings. Indeed, Dan Ariely
(2008) makes a similar point: People are less rational than they think they are; in fact, their “irrational
behaviors are neither random nor senseless—they are systematic and predictable” (p. 239). Just as people
are tricked by visual illusions, they are fooled by illusions about how they make decisions.

8. Early examples of such circumvention include data entry personnel who, when evaluated by the number
of keystrokes they made, pressed the space bar while making personal calls; and telephone operators
who, when expected to fulfill a quota for calls answered in a given time period, hung up on people with
complex problems. The National Institute of Occupational Safety and Health estimates that two-thirds of
all video display terminals are electronically monitored (Ambrose, Alder, & Noel, 1998, p. 70). The
American Management Association, which conducts annual electronic monitoring and surveillance
surveys, recently found that more than three-fourths of private firms use routine monitoring of their
employees’ activities, a figure that has doubled since 1997.

9. According to Bernardin, Cooke, and Villanova (2000), raters who score high on “agreeableness” (trust,
sympathy, cooperation, politeness) are more lenient than those characterized as “conscientious” (excellence,
high performance, ability to achieve difficult goals). In academe, leniency, or “grade inflation,” has
been described as “the refusal by faculty members to behave like adults, that is, like people with enough
integrity to disappoint other people. It is as though some professors want to believe that everybody
deserves to be first. Everybody doesn’t” (Carter, 1996, p. 79). This viewpoint may conflict with the expec-
tations of Generation Yers, who, it is said, grew up receiving trophies for 7th place.

10. The saying “When you point your finger at me, remember that your other fingers are pointing back at
you” is appropriate here.

11. It should be noted that those who are “high self-monitors” are more adept at deciphering cues in the
environment and are more capable of adjusting their behavior to fit the context than are “low self-
monitors” (Jawahar, 2005).

12. The pervasiveness of this problem accounts for the use of the term personnel appraisal, rather than per-
formance appraisal, in many instances in this chapter.

13. In the private sector, those companies that emphasize frequent feedback have been found to outperform those
that do not in all financial and productivity measures (Campbell & Garfinkel, 1996).

14. For a useful discussion on “thinking about poor performers,” see Maranto (2008).

15. For example, no high-ranking American military officials were dismissed for their failures in Iraq; in fact,
the only one to lose his position was the U.S. Army chief of staff, who testified before the war that hundreds
of thousands of troops would be needed to secure the country. Indeed, the Presidential Medal of
Freedom was awarded to the CIA director who said Saddam Hussein had weapons of mass destruction, the general who failed to secure Iraq, and the head of the Coalition Provisional Authority, whose decisions, in effect, encouraged insurgency. Promotions, rather than punishment, were the fate of most of the torture-tainted officers in the Abu Ghraib prison scandal.

16. While social norms in public and business bureaucracies generally discourage discharge, layoffs, and terminations are significantly higher in the private sector than in government (Bureau of Labor Statistics, 2005).

17. Treating employees fairly includes avoiding attempts at (a) constructive discharge (deliberately creating intolerable working conditions that compel employees to resign) and (b) retaliatory discharge (taking actions against personnel, such as demotions or denial of pay raises, when they exercise their rights under employment laws such as the Civil Rights Act of 1964).

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PART II  PROCESSES AND SKILLS


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