
Appraising the appraisals: computerized performance appraisal systems

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Abstract

Examines the role of appraisals as a way of improving productivity and effectiveness within successful organizations. Identifies ways in which appraisals help both employers and employees. Suggests that there is room for improvement in most performance appraisals and discusses various ideas. Computer software is one of the ways in which performance appraisals can be dealt with more proficiently. This article evaluates the three leading software programs available currently and provides a comparison of the features. Concludes that the products do not solve all the problems encountered in performance appraisals, but do give structure to the process and make this sort of appraisal easier to conduct.

Introduction

Managers spend much time in counseling employees. The process of counseling employees demands careful use of a manager's communication skills. Some counseling requires advanced training in psychology and clinical behavior and should not be attempted by someone without that training. However, some counseling tasks in an organizational setting takes on a form of "helping". Managers must recognize when counseling tasks fall within their "helping" realm and when counseling should be conducted by professionals.

In organizational counseling, managers cannot make decisions for employees; however, they can help employees in making their own decisions. As a "helping" situation from which both the individual and the organization can benefit, counseling in an organizational setting is a communication tool of significance.

Some counseling in an organization involves helping employees with personal problems that are indirectly related to their work in the organization. An employee may need a "sounding board", that is, someone to listen, as problems are easier to bear when someone listens. As problems are alleviated, an employee's productivity improves. Additionally, an indicator of a good organizational climate is when employees confide in managers by telling them their personal problems.

Performance appraisal counseling

Job performance counseling is a major part of counseling activities in any company. Managers counsel employees about proper job performances in achieving their goals and about their roles in achieving company goals. Employees also are counseled when they encounter challenges and problems in performing certain tasks.

Performance counseling takes many forms; however, this paper focuses on one common kind of performance counseling. This kind of

performance counseling is performance appraisal counseling.

Counseling in performance appraisals

Performance appraisal counseling is a common communication activity of managers in business organizations. The key to a successful performance appraisal counseling session is to structure the session so that both parties view it as a problem-solving process instead of a fault-finding process.

Purposes of performance appraisals

The overall purpose of performance appraisals is to increase organizational effectiveness and productivity. However, the most important single purpose served by performance appraisals is to let employees know where they stand. Humans have natural dislikes for uncertainty and prefer bad news about their positions and destinies in the organization instead of not knowing what those positions and destinies are.

In the absence of information, employees will harbor questions about performances, such as: Is my performance satisfactory? Is it above average? If so, how far above? Is it below average? If so, how far? Is the company considering terminating me? Is the company thinking of promoting me? Is the company even aware of my performance? Employees need to know where they stand concerning their job performances in an organization for the following reasons (Wells and Spinks, 1994):

- To relieve uncertainty that all employees have when they do not know what managers think of their performances.
- To provide rewards that should come from satisfactory or superior performances and the recognition of those performances by management.
- To identify areas of unsatisfactory performances and to develop ways in which those performances can become satisfactory.
- To help employees set career goals and to redirect their thinking when it seems unlikely that their present goals can be met.

- To improve the organizational climate by encouraging and improving communication between employees and managers.

In recent years, performance appraisals have taken on additional importance. Performance appraisals have become vital parts of disciplinary and dismissal processes as well as corporate restructuring. At one time, the prevailing thought was that the company was spending company money, so the company could hire and fire whomever it pleased. Then, laws and court decisions came about denying employers the right to hire and fire as they pleased; equal employment opportunity must be extended to all. Recently, court decisions have held that employment security is a right that cannot be denied without just cause and due process. In other words, a company cannot dismiss an employee without just cause and without due process.

Poorly conducted performance appraisals have thwarted some companies' attempts to dismiss continuously poor-performing employees. Many times, managers have given "satisfactory" appraisals to employees whose performances were not satisfactory, simply because those managers did not wish to engage in "hassles" with these sub-par employees. Later, when performances have not improved and the company wishes to dismiss them, these employees can produce several performance appraisals in which they were rated "satisfactory". How can the company say that their past performances have been so unsatisfactory as to warrant dismissal when their performance appraisals were "satisfactory"? The need for honest performance appraisals should be obvious.

On the other hand, an employee's file that contains several unsatisfactory performance appraisals and records of several unsuccessful attempts to help an employee improve in performance can support the company's decision to dismiss that employee.

Problems with performance appraisals

Several problems may arise during performance appraisals. Some problems arise from the manager, some from the employee, and some from other factors (Wells and Spinks, 1994, pp. 128-9).

Most employees dislike performance appraisal interviews for fear of criticism; fear of uncertainty in handling questions; and fear that their salaries, promotions, and their destinies with the organization hinge upon the outcomes of these interviews. Employees also may view interviews as justification for decisions that are already made concerning salaries, promotions, and job tenures. Poorly

conducted performance appraisals may do more harm than good.

Most managers also dislike performance appraisal interviews, as they find that telling employees negative news is difficult, awkward, and unpleasant. Some managers fear that praise may breed complacency and lower the levels of performance. For these reasons, they will not give any positive, reinforcing information to employees.

Another reason for the dislike by managers of performance appraisals is the regularly scheduled times each year for appraisal interviews. These given times cause appraisals to be regarded by managers as just a job to be completed or red tape to comply with instead of as helpful exchanges between manager and employees.

The accuracy (or inaccuracy!) of measurement with which performance appraisals are made is another problem factor. The manager often has had inadequate opportunities to observe performances of employees and occasionally the work performed by some employees cannot be distinguished from that of a group.

In other instances, criteria used for making decisions, factors chosen for measurement, and the accuracy of measuring instruments used may be problem areas in the performance appraisal process. Since the early days of merit ratings, these problems have been discussed at length with no entirely satisfactory answers.

When pay and other rewards are connected with the outcomes of performance appraisals, many problems arise. The interview session may become a justification ploy by an employee for higher pay, while simultaneously it may be a justification ploy by the manager for the manager's recommended pay.

Many authorities have suggested that pay should not be discussed in a performance appraisal interview. While on the surface this may seem like a good idea, employees are not so naive that they will not recognize the connection between the two. Since this is the case, any attempt to avoid discussing pay may be viewed with suspicion and could breed distrust.

Another problem is introduced when performance appraisals result in the ranking of employees into categories with fixed percentages assigned to each category, that is, a quota system. Actual performance seldom breaks down into percentages, so the result is the splitting of equal performers into higher and lower categories, while placing immensely different performers into the same category. Still another problem arises when managers simply tell employees that they are

performing well, but those employees do not receive commensurate rewards.

Improvement of performance appraisals

Performance appraisals usually can be improved vastly. The manager should be prepared adequately before conducting a performance appraisal interview. Many managers seem too busy to gather the needed information or to plan for an interview, resulting in frustration and confusion for the employee. The performance appraisal interview is too important and has too great an impact upon the organizational climate to be conducted without necessary information and preparation.

Managers should hold performance appraisal interviews at frequent intervals. These intervals may vary with different jobs; however, job appraisal interviews should be conducted more than once a year to be adequate in most instances.

Performance appraisal interviews are channels for getting feedback to employees concerning job performances as viewed by their managers. When viewed in this light, interview feedback is needed more than once a year for several reasons. First, employees need to know frequently how they stand to relieve uncertainty; second, employees need feedback often on their progress to perform as expected and to improve any weaknesses.

While no absolute interval can be given to fill all needs, one performance appraisal every three months is more realistic than one each year to accomplish the purposes of performance appraisal interviews, especially for new employees. Older, experienced employees may not need performance appraisals nearly so often; sometimes once every two years will suffice for these employees.

To be continually effective, performance appraisal interviews should look to the future as much as to the past. Both the manager and the employee should decide future performance goals and the manager should make future performance expectations clear to the employee.

A focus on praise for positive aspects of job performances may encourage improvement in some negative areas. Additionally, praise for good work allows the employee to "save face" while discussing any poor work.

Managers often feel that good points need no discussion since these already denote satisfactory or superior performance. Instead, they concentrate entirely on the bad or weak points. However, "catching people doing things right" should be the philosophy of managers; "catching people doing things wrong" has been the theme of many managers far too long (Blanchard and Johnson,

1982, p. 40). When managers do not mention good points, employees assume that these good things were not noticed and that only poor performances were noted.

Performance appraisal computer software

Many persons charged with appraising the performance of subordinates may not be well qualified to do so. Others, especially first line supervisors, may not be proficient in expressing themselves in writing concerning employee performance. Still others may need some structure for developing effective, useful employee performance appraisals. All persons who conduct employee performance appraisals should be concerned with the ramifications of legal issues surrounding these appraisals.

Computer software programs are facilitating many aspects of "soft" management tasks, such as writing a difficult employee performance review. Management software, commonly called MBA-ware, offers expert guidance in management issues that range from creating a business plan to writing employee policy manuals (Sprout, 1995). Some managers are looking to technology to help solve the problems encountered in performance reviews.

Currently, computer software programs exist that may be used to facilitate the performance appraisal process (see Appendix). These MBA-ware programs enable managers to produce performance appraisal documents that are complete, professional in appearance, and easy to use in the performance appraisal process. In addition, the programs provide categories of job performances to be appraised and offer various pre-written descriptions of behaviors for each category. One click of the mouse can change the tone or disposition of an entire sentence or paragraph. This one adjustment in the tone or intensity of professionally written phrases and paragraphs can enhance people management and communication.

Descriptions of employees' job performances contained in performance appraisal software programs have been prepared with the help of legal counsel to assure that managers will not make statements that are not wise from a legal viewpoint. These programs also offer opportunities for the manager to add, delete, and edit categories as necessary to fit individual job situations. In addition, using MBA-ware for performance appraisals instead of the traditional alternative takes less time, produces more structured reports, encourages more praise, and helps managers develop their most important resource - their employees.

Attributes of three leading software programs

Review Writer 1.0, Performance Now! 2.03, and Employee Appraiser 2.0 are three leading programs in the field of employee evaluation software (Stewart, 1994; Robinson, 1994). Other similar software programs do not take the evaluation process from the beginning to the finished report as do these three programs (D.W. Pratt, personal communication, July 24, 1996). These three Windows-based programs produce performance appraisal documents that are complete and professional in appearance. "Each of the three review programs prompts users to support both praise and criticism with examples, and each encourages managers to enter specifics about their employees during the long stretches between reviews" (Stewart, 1994). All three programs offer managers opportunities to use pre-written categories and descriptions of employees' behaviors. In addition, managers can create new categories and behavior descriptions in each program.

One major benefit of the performance appraisal programs concerns the legality of statements made about employees. Attorneys-at-law have critiqued the comments of the three programs for any possible legal concerns. Built-in "legal checkers", like grammar and spell checkers, can be used to evaluate the legal ramifications of written comments made by managers during the employee appraisal process.

The three leading programs offer step-by-step processes to evaluate employees. Managers insert the employee's information into the form, select the job description and/or categories to be used, choose the appropriate written evaluations, and print the report. The format, including signature lines, is prepared automatically and printed consistently from report to report.

Initially, the evaluator must determine which job descriptions, categories, and goals apply to each individual. As mentioned previously, employees should start the appraisal period with full knowledge of their expected work goals. This knowledge gives employees comfort as to "where they are going". Obtaining these goals from the computer program is a way to initiate the appraisal period and help employees feel more comfortable with the entire process.

During the appraisal period, evaluators may wish to use the program as a place to record daily, weekly, or monthly behaviors as well as positive and negative incidents that may be forgotten over a period of time. When the appraisal time comes, evaluators can use the pre-written descriptions along with the incident reports to evaluate employees.

Managers can use the pre-determined performance rating categories or can create their own, thus allowing for a wide range of performance appraisals. By adding a company's own categories and descriptions to tailor the software, evaluators can have infinite capabilities in appraising employees. Three small-business CEOs who used the three performance appraisal programs felt that "their computer-assisted reviews are more constructive, more thorough, and more accurate than traditional reviews" (Stewart, 1994).

The performance appraisal programs offer a consistency of style for final printed reports with pre-designed, ready-to-print layouts, thus saving time for managers by enabling them to produce professional-looking reports from the computer. The programs also allow managers to redesign the format of the report if desired. A comparison of the features of the three performance appraisal software programs is presented in Table I.

Format of printed reports

Although the exact order may vary somewhat, each of the software programs can produce evaluations containing the following basic content: Employee information, employee goals, employee performance (categories), performance summary, future goals or improvement recommendations, employee comments/development plan, reviewer comments, and signatures.

Some pre-determined categories for employee performance are presented in Table II. Managers may customize this section of the report by selecting or rejecting categories or by originating their own categories.

Distinctive features of the three programs

Each of the three performance appraisal software programs has some individually distinctive features. Managers should choose the program that is best suited for the performance evaluation process for their individual situations.

Review Writer 1.0 software

Review Writer 1.0 has features of numerically weighted evaluations and changeable rating scales. These weighted evaluations and scales allow managers to select responses based on expectations, performances, objectives, or strengths of their employees. Neither of the other two programs evaluated has the capability of weighted evaluations. Managers who prefer weighted evaluations in their performance evaluations should consider this program.

Additionally, Review Writer has templates that let evaluators choose from seven

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Table I

Features of three performance appraisal software programs

Features	Review Writer 1.0	Performance Now! 2.03		Employee Appraiser 2.0
	Company phone Fax, Internet American Online Appelink, MCI CompuServe	Company phone Fax	Company phone Fax	Company phone
Hotline				
Screen Help	Yes	Yes		Yes
Password protection	Yes	Yes		Yes
Company personalization	Yes	Yes		Yes
Editing features, including topics, goals, notes, templates	Yes	Yes		Yes
Weighted evaluations	Yes	No		No
Pre-designed templates	Yes	Yes		Yes
Template creation	Yes	Yes		Yes
Evaluative descriptions	Yes	Yes		Yes
Improvement recommendations	No	Yes		Yes
Interviewing tips	No	Yes		Yes

Table II

Employee performance categories available on performance appraisal software programs

Review Writer 1.0	Performance Now! 2.03	Employee Appraiser 2.0
Communications	Adaptability	Communication
Relating to others	Analytical skills	Customer focus
Influencing others	Attendance and punctuality	Decision making
Teamwork	Communications	Dependability
Maintaining key relationships	Cooperation	Initiative
Planning Ahead (self)	Cost conscious	Interpersonal skills
Planning Ahead (department)	Customer service	Job knowledge
Analytical problem solving	Dependability	Judgment
Results focus	Initiative	Meeting management
Adaptability	Innovation	Planning
Professionalism	Job knowledge	Problem solving
Leadership	Judgment	Productivity
Performance management	Leadership	Quality
Developing/encouraging people	Managing people	Summary
Operations management	Oral communications	Teamwork
Job knowledge	Organization support	Work environment
Quality	Personal appearance	Budgets
Productivity	Planning and organization	Hiring/coaching
Reliability	Problem solving	Leadership
(User defined)	Project management	People management
	Quality	Project management (User defined)
	Quantity	
	Safety and security	
	Sales skills	
	Teamwork	
	Written communications	
	(User defined)	

available employee positions, namely, project manager, team member, individual contributor, sales/service person, administrator, clerical worker, and production worker. These position descriptions may suit some businesses better than others. The templates have pre-selected performance categories from the

choices presented in Table II. With this program, managers can add, delete, or edit any performance category they wish in order to customize the position description. In addition, managers have the use of a feature called "completeness check" that allows users to know immediately whether the evaluation

is complete or if sections of the evaluation remain unfinished.

Review Writer 1.0 can be used by itself or it can be used along with the Avantos' ManagePro management software that allows managers to keep regular notes on employee observations (Angus, 1994). For those companies already using the ManagePro software, the Review Writer 1.0 may be a good choice.

Performance Now! 2.03 software

Performance Now! includes five templates for the employee positions of clerical, management, production, sales and service, and universal. Like Review Writer, Performance Now! has templates with pre-selected categories. Users also can add, delete, or edit any performance category desired. Managers who find the categories of this program more appropriate for their evaluation process might consider using this software package.

Performance Now! gives a mean rating by averaging the element ratings within each category. If an employee's average of all items is below 2.75, the program pops up a window suggesting that more information may be added to help the employee understand why the minimum requirements were not met. These average ratings are shown in the individual sections and in the appropriate summary section of the printed report. In addition, Performance Now! has the added feature of a review date calendar that allows the evaluator to keep track of evaluation dates.

Performance Now! also has some companion software packages, including the Intelli-Text Designer that expands the ability of the user to customize the performance categories. Also associated with Performance Now! is Descriptions Now! that allows the user to incorporate job descriptions as a part of the appraisal process.

Employee Appraiser 2.0 software

Employee Appraiser takes a slightly different approach. Instead of using a numerical rating, it provides a sample text that can be adjusted to be more positive or negative by using a "writing tuner" function. Employee Appraiser also includes extensive coaching for managers, advising them of ideas on how to improve employee performance between reviews. The "writing tuner" and "coaching advisor" are tools that can help managers customize their reports and confer with employees who are under scrutiny.

Another distinctive feature of Employee Appraiser is that, while creating a complete report with a consistent format, it does not require as much computer space – both

memory and hard disk – as required by the other two performance appraisal software programs (see Appendix). If a company has a small computer system and would like to use an employee appraisal program, then Employee Appraiser 2.0 may be the solution.

Conclusion

The guidelines in this paper are not complete guides to employee performance appraisal counseling in business settings. However, the guides should give managers some insight into conducting efficient and effective performance appraisal counseling interviews. Likewise, the performance appraisal computer software programs described do not solve all the problems encountered in performance appraisals. These three MBA-ware products simply give structure to the process and make efficient, effective, professional performance appraisal counseling interviews easier to conduct and more useful in employee development.

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Appendix.

Table A1

Employee appraisal software information

	Review Writer 1.0	Performance Now! 2.03	Employee Appraiser 2.0
Address	Avantos Performance Systems 5900 Hollis Street Emeryville, CA 94608	KnowledgePoint 1129 Industrial Avenue Petaluma, CA 94952	Austin-Hayne Corporation Three Lagoon Drive Suite 340 Redwood City, CA 94065
Phone Number	800-282-6867	800-727-1133	800-809-9920
Number of evaluation paragraphs/phrases	14,000	640	600
Retail price	\$129	\$129	\$129
Operating system	Windows 3.1	Windows 3.1	Windows 3.1
RAM	4MB	4MB	2MB (4MB preferred)
Disk space	9MB	7.5MB (10MB with tutorial)	1.4MB
Mouse	Yes	Yes	Yes
System size	386 minimum	386 minimum	386 minimum
Network capability	Yes	Yes	Yes
Editing features:			
Word processing	Yes	Yes	Yes
Spelling check	Yes	Yes	Yes
Legality check	Yes	Yes	Yes