

WHY ARE WE IGNORING PERFORMANCE APPRAISAL RESEARCH?

By Regina B. Glover, Ph.D.

To establish the employee's voice in performance appraisal, managers need to include three factors: participation, behavioral-based criteria, and employee feedback.

Performance evaluation is one of the most widely researched management practices, and yet, it continues to be a major source of frustration for managers. Performance appraisal is not a new phenomenon. The graphic rating scale was introduced in 1922 to industry in the United States and performance appraisal research began in the early 1940s. Early work focused on the accuracy of the instrument and rating techniques. This research produced behaviorally anchored scales (BARS), behavioral expectancy scales (BES) and behavioral observation scales (BOS) (Murphy and Cleveland, 1995).

Probably the greatest influence on performance appraisal was the decision by the courts in the 1970s that performance

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Reserarch Update is edited by Dr. Irma O'Dell of Southern University Carbondale.

appraisals are indeed tests and thus subject to the *Uniform Guidelines on Employment Selection of the Equal Employment Opportunity Commission*.

As the courts dictated closer attention to performance appraisal, so, too, did those involved in performance appraisal research. In 1980, a landmark review and evaluation of performance appraisal literature was published which changed the direction of performance appraisal research (Landy and Farr, 1980). Since then, greater attention has been given to the role of the rater and to the organizational "context" of performance appraisal. However, even with the volume of research available, it appears little of the research is actually being put into practice by managers.

Status of Performance Appraisal

Today, over 15 million individuals work in the public sector (one in six jobs) and another five-10 million work in the non-profit sector (Daley, 1995). If we look at municipalities nationwide, we see that one in four do not have a formal per-

formance appraisal system (Roberts, 1994a). Those with city manager forms of government are more likely (86%) than others (64.9%) to have performance appraisal systems. There are also geographic differences for municipalities, as 80% of the Pacific, Western and, Southern states have a performance appraisal system in contrast to 34.7% of Eastern states. Municipalities use their performance appraisal systems to provide feedback for the employee (94%), to support information for discharge or demotion of an employee (93%), to determine merit pay (87%), and to make training decisions (85%). The most often cited reasons for not having performance appraisal systems are lack of expertise and lack of technical resources (Roberts, 1994b).

Research in the private sector provides an even stronger picture of performance appraisal practices today. By far, the most common method of appraisal is the graphic rating scale. The ever popular "Management By Objectives" (MBO) is still most often used to evaluate managers (Bretz, Milkovich and Read, 1992).

The vast majority of appraisal ratings come from the immediate supervisor despite research support for using self, peer and subordinate ratings (Daley, 1995). Not surprisingly, a 1986 study concluded that as the number of sources used increases, so, too, does the accuracy of the performance information (Stone and Stone, 1986). It is important to remember that the

employee can be a key source of information. Employees prefer ratings by supervisors, peers and self over those by subordinates (Jordan and Nasis, 1992).

Appraisal Process

To establish the employee's voice in performance appraisal, managers need to include three factors: participation, behavioral-based criteria, and employee feedback. Participation is important because it gives the employee some control over their work and it also carries symbolic importance as it connotes fairness. Behavioral criteria more easily allow both the supervisor and the employee to identify specific results. In the appraisal interview itself, it is important to not only allow employees to have the chance to offer comments on their evaluation, but also to go a step beyond and to have a discussion about career issues for the employee (Nathan, Mohrman and Milliman, 1991).

This means there is a great deal of responsibility on the rater's shoulders. Most organizations do have rater training, but not ongoing. Often, rater training occurs when a new system is introduced (Bretz, Milkovich and Read, 1992). And yet, study upon study shows that rater training increases the satisfaction of both the rater and ratee (Buckley, Villanova and Benson, 1989). Supervisors request training not only on the mechanics of the instrument, but also on giving feedback (Harris, 1988). Training is rarely given to

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Why are systems still falling short? Some argue that the organization undermines the appraisal process by giving it too little attention, minimizing rater training/accountability, and overlooking the employee in the appraisal process

employees on how to process feedback or how to improve, nor is it common for raters to be audited (Roberts, 1995). It is no surprise then that employees also report frustration with performance appraisal.

Rating Accuracy

In higher education, there is talk of grade inflation. The same phenomenon exists in performance appraisal of the American workforce. Most appraisal systems have five levels of performance and it is common for 60%-70% of the workforce to be in the top two levels (Bretz, Milkovich and Read, 1992). The result is that when an employee is rated as satisfactory instead of excellent or above average, he or she may lose motivation and commitment to the organization.

If an employee sees the performance appraisal system as unfair, there is a reduction in motivation to change behavior, a rejection of the usefulness and validity of the information, and an unwillingness to accept decisions based on appraisal information. For the supervisors, a decrease in trust in the process results in an increase in the leniency of ratings (Roberts, 1994a).

In fact, managers readily admit that their ratings often do not reflect actual employee performance. A majority (70%) indicate that they inflate appraisal scores for the following reasons: to avoid deflating motivation, to enhance merit chances, to avoid exposing departmental problems, to avoid creating a negative personnel file, to

protect good employees with personal problems, to reward great effort, to avoid confrontation, or to promote someone up and out. The same percentage (70%) of managers also say they would deflate scores to scare an employee into better performance, to punish a difficult employee, to encourage someone to quit, to create a file for dismissal, to minimize merit, or to comply with a higher directive discouraging high rating. (Longnecker et.al., 1987).

New Model

Findings such as these indicate that managers are aware that performance appraisal does not exist in a vacuum. It would probably be best for park and recreation managers to adopt the model of Murphy and Cleveland (1995), which describes performance appraisal as a series of decisions which influences a communication process rather than as a measuring tool for management. The model assumes that rater behavior is goal directed, that appraisals are social interactions, and that within organizations performance appraisals are primarily a tool for effective management.

Why are systems still falling short? Some argue that the organization undermines the appraisal process by giving it too little attention, minimizing rater training/accountability, and overlooking the employee in the appraisal process (Bretz, Milkovich and Read, 1992).

If this is the case, then it is imperative that both the organization and the manger

take responsibility for improving the performance appraisal system. The organization needs to provide a sound procedure, training for managers, leadership from above, and periodic auditing of the process. The manager is obligated to develop and communicate clear standards, provide ongoing feedback, prepare for appraisal as other major tasks, and be willing to let a third person or others review their ratings. (Longnecker and Ludwig, 1990).

Recommendations

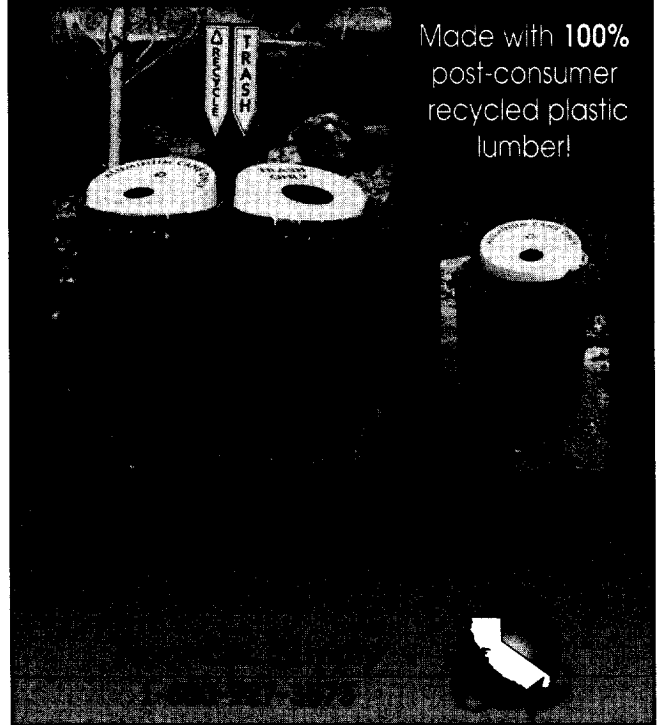
How can park and recreation managers improve their appraisal systems? One, purchase and read before passing on to staff *Performance Appraisal in the Public Sector* by Dennis Daley, and *Understanding Performance Appraisal* by Kevin Murphy and Jeanette Cleveland. Two, review present performance appraisal systems by asking both supervisors and employees for honest input. Three, identify the changing nature of work occurring in the agency and changes in organizational structure (quality circles), and consider what Waite et.al. (1994) refer to as progress forms of performance appraisal. Four, adopt a performance appraisal that encourages ongoing feedback for all employees. Five, hold raters accountable for their role and periodically audit the process. Six, never give up hope, keep reading, and keep trying. The results of an effective performance appraisal system are well worth the time and effort.

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